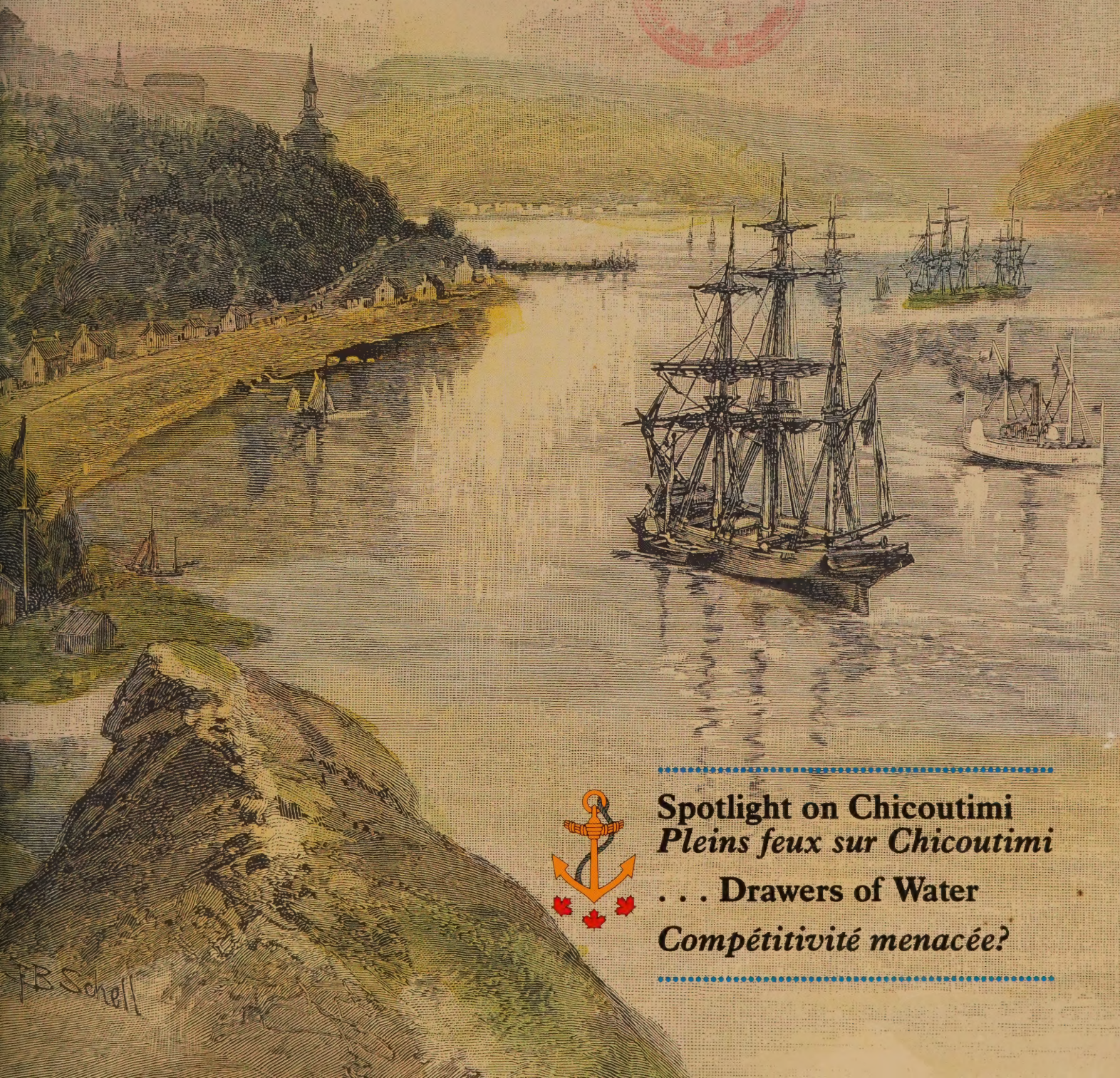


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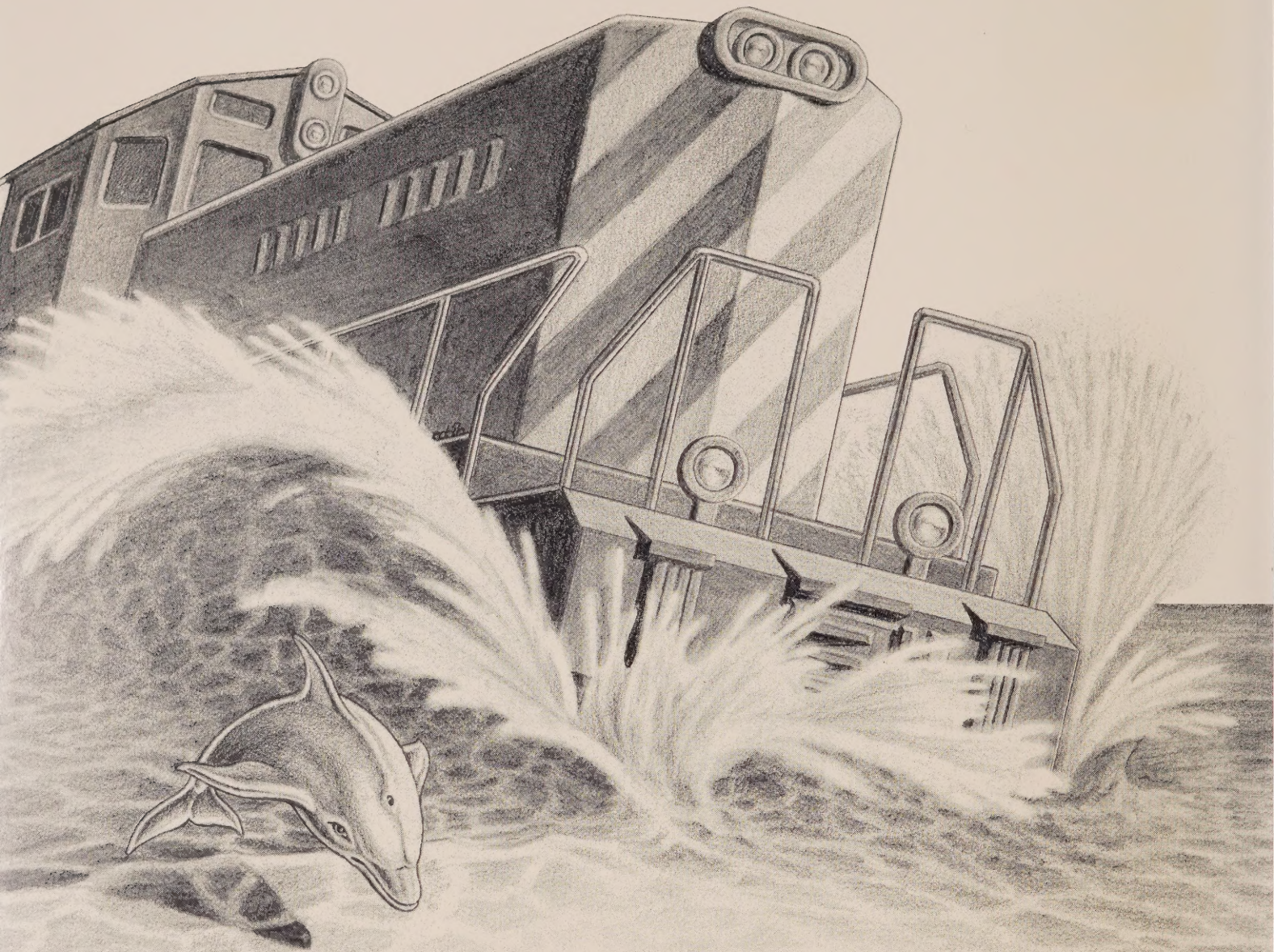


**Spotlight on Chicoutimi**  
*Pleins feux sur Chicoutimi*  
... Drawers of Water  
*Compétitivité menacée?*

J.B. Schell



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COVER

## Chicoutimi: King's Domain 16

Well endowed, the Port of Chicoutimi, with its brand new facilities, is ready to meet the challenge of competition in the 1990s.

ARTICLE VEDETTE

## Un port d'avant-garde : 20

*Du commerce de fourrures au trafic d'hydrocarbures, le port de Chicoutimi n'a jamais cessé de progresser.*

Cover page/Couverture

Port of Chicoutimi 1882

*Le port de Chicoutimi vers 1882*

Back page/Verso

Baie des Ha! Ha! 1890s/vers 1890

## The Intertwined Continent: 12

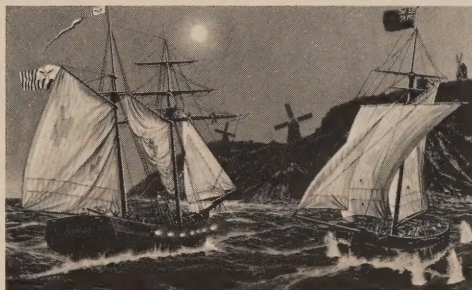
Increasingly, Canadian and US trade is being routed via each other's gateways.

## 200 Years Strong: 28

Maritime safety, military readiness and law-enforcement: the cornerstones of the mission for today's US Coast Guard.

**PORTUS** (Latin for "port") is published quarterly by Ports Canada, 99 Metcalfe St., Ottawa, Ontario, K1A 0N6. **PORTUS** welcomes articles on national or international trade and transportation issues.

Manuscripts and correspondence on editorial matters should be addressed to The Editor, Requests for republication or reproduction of articles from **PORTUS** should also be directed to The Editor.



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Le magazine **PORTUS** («port» en latin) paraît quatre fois l'an et est publié par Ports Canada, 99, rue Metcalfe, Ottawa, Ontario K1A 0N6. La rédaction accueille favorablement les articles traitant de commerce et de transport, tant sur le plan national qu'international. Prière d'adresser au rédacteur en chef les manuscrits et lettres, ainsi que les demandes de réédition ou de reproduction d'articles parus dans **PORTUS**.



## A Festive Season

As another year draws to a close, it is time once again to pause and take stock.

The port industry has faced great many herculean challenges in the past few years. Our operating environment has been characterized at times by turmoil, apathy or excitement.

The eighties saw the wide-spread deregulation of the maritime sector together with our sister industry, the rail. The enactment of the *Staggers Act* of 1980, and the *Shipping Act* of 1984, had profound impact on our industry not only in the United States, but we also felt the ripple effects in Canada. To keep pace, the Canadian government introduced legislative measures of its own to enhance the "Freedom to Move". The proclamation of the new *National Transportation Act* on January 1, 1988, gave Canada's at-times sleepy transportation sector a much-needed jolt and breathed into it a new sense of dynamism.

Then came the much-applauded free-trade accord between Canada and our largest trading partner. The agreement will likely ensure our prosperity into the next century. Europe 1992, and other similar initiatives point to the rise in the creation of trading blocs with their built-in protectionist tendencies. The FTA will not only ensure our survival in such an ever-increasing competitive environment, it will undoubtedly bode well also for a prosperous Canada as we enter a new decade — and for decades to come.

Confrontation of years gone by is now giving way to the dawn of an era of cooperation. Strength is now sought in unity and harmony. Awareness of the preservation of our environment will likely make the years ahead the "decade of the environment". Ports will have to be at the forefront of the battle to salvage our ecological environment from pollution and related degradations borne by the industrial age.

This is the festive season — a season for peace and joy. As we turn the pages of history to a new decade, let us extend our hands to a world filled with peace and prosperity — and let mankind be better served through our ports' existence.

Our Season's Greetings to you and yours. ❖

## Une saison de réjouissances

Une autre année s'achève, et il est temps une fois de plus de nous arrêter pour faire le point.

L'industrie portuaire a dû relever, au cours des quelques dernières années, des défis de taille. Notre contexte d'exploitation s'est caractérisé selon l'époque par l'agitation, l'apathie ou l'enthousiasme.

Les années quatre-vingt ont été marquées par la déréglementation générale du secteur maritime et de l'industrie connexe du transport ferroviaire. L'adoption de la *Staggers Act* en 1980 et de la *Loi sur la marine marchande* en 1984 a eu de profondes répercussions sur l'industrie maritime, non seulement aux États-Unis mais également, par ricochet, au Canada. La proclamation de la nouvelle *Loi sur les transports nationaux*, le 1<sup>er</sup> janvier 1988, a donné au secteur parfois somnolent du transport une secousse des plus bénéfiques et un nouvel élan de dynamisme.

Est arrivé ensuite l'accord de libre-échange des plus bienvenus entre le Canada et son principal partenaire commercial. Ce nouvel accord assurera vraisemblablement notre prospérité jusqu'au tournant du siècle. Europe 1992, comme d'autres initiatives similaires, préconise la création des blocs commerciaux à tendance protectionniste. L'Accord de libre-échange nous permettra non seulement de survivre au sein d'un contexte de plus en plus compétitif, mais il laisse sans nul doute présager une économie canadienne prospère au cours de la prochaine décennie et de celles à venir.

La confrontation qui a caractérisé les dernières années laisse maintenant place à l'esprit de collaboration. L'unité et l'harmonie feront dorénavant notre force. La prise de conscience de la nécessité de protéger notre environnement fera probablement de la prochaine décennie celle de l'environnement. Les ports devront occuper une place de premier plan dans la bataille visant à préserver notre système écologique de la pollution et des autres ravages que lui cause notre époque industrielle.

Le temps est aux réjouissances, à la paix et à la joie. Au moment de tourner la page et d'entreprendre cette nouvelle décennie, tendons la main vers un monde rempli de paix et de prospérité et permettons au genre humain de bénéficier, grâce à l'existence de nos ports, de meilleurs services.

Meilleurs vœux à vous et aux vôtres. ❖

**Le président-directeur général,  
Jean Michel Tessier  
President and Chief Executive Officer**



## BELLE DUNE

The Canada Ports Corporation and the New Brunswick Department of Environment have completed the public consultation process regarding the construction of a thermal generating station at the Port of Belledune. The results of the study will be announced shortly.

## SEPT-ÎLES

On October 7, 1989, Jean-Maurice Gaudreau, general manager of the Port of Sept-Îles was awarded the Maritime Commanders Commendation, in recognition of exceptional services in maritime command. This award is generally presented to members of the military. Mr. Gaudreau, however, was awarded the prestigious recognition for his continued contribution and administrative support to the Canadian reserve.

## CHICOUTIMI

The Port of Chicoutimi recently awarded a \$116,000 contract to Tremcofort Company Inc. for the reinforcement and stabilization of the Albert Maltais dock. In operation since 1976, the Albert Maltais dock was constructed to handle 10,000 tonnes of petroleum products. This follows a call for proposals in September 1989.

## QUÉBEC

The Honourable Benoît Bouchard, Minister of Transport, has announced the appointment of André C. Sarasin to the board of directors of the Port of Québec Corporation. An engineer by profession, Mr. Sarasin has worked for 30 years in the pulp and paper industry in Canada and the US. He is now senior vice president, engineering and development with Daishowa Forest Products Limited and also a member of the company's board of directors. His appointment is for a three year term.

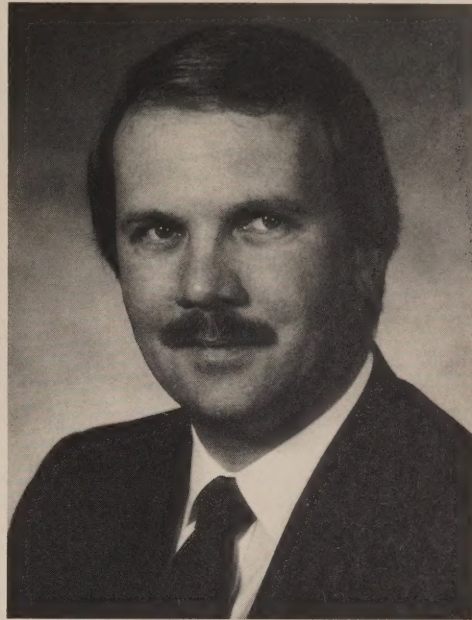
## OTTAWA

The Honourable Benoît Bouchard, Minister of Transport, has announced the appointment of Jean Riou to the board of directors of the Canada Ports Corporation for a three-year term. Mr. Riou is a partner in the law firm of Jolin, Fournier, Morisset of Ste. Foy, Quebec, specializing in labor relations and corporate law. He is also a member of "l'Association canadienne de Droit Maritime".

Canada Ports Corporation announced the appointment of two new vice presidents. Robert Tytaneck has been appointed vice president, finance and administration effective January 1, 1990. Mr. Tytaneck was formerly the general manager and chief executive officer of the Prince Rupert Port Corporation, a position he held for three years. Prior to that he was director of business analysis, in Corporate Services of the CPC, and was located in Ottawa.

As well, Warren McCrimmon has been appointed vice president, legal/realty and corporate secretary effective September 5, 1989. Mr. McCrimmon was most recently

with the Department of Fisheries and Oceans in Vancouver. His responsibilities included the supervision of a legal research team and the negotiation of complex corporate, commercial and property litigation matters. In assuming his new position as corporate secretary, Mr. McCrimmon is replacing Roza Aronovitch who has left the Corporation to join the Bank of Canada as legal counsel.



Robert Tytaneck

Yvan Gagnon, senior advisor, environment, Canada Ports Corporation, has been given additional responsibilities as port coordinator for the Alouette project in Sept-Îles. In this new capacity, he will coordinate all port-related contracts for construction of this important project.

Michel Archambault has joined the Canada Ports Corporation as manager, business analysis, Corporate Services, replacing Brian Acheson who has joined the consulting firm of Sypher Mueller International Inc. Mr. Archambault was formerly with Transport Canada as an economic analyst with the Policy and Coordination Branch.

## PRESCOTT

The Canada Ports Corporation has awarded the contract for the construction of a third salt storage pad at the Port of Prescott to Cornwall Gravel Company Limited. When completed, in the spring of 1990, this will enable the port to store an additional 100,000 tonnes of road salt.

## CHURCHILL

The Port of Churchill has completed Phase 1A of its modification of its dust control system in the grain elevator. This will reduce the level of dust in three areas of the elevator to meet the current standards established by Labor Canada.



## VANCOUVER

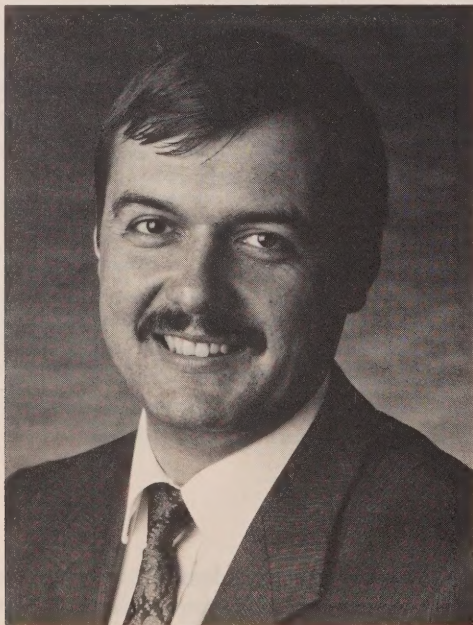
For the seventh straight year, a new cruise passenger record has been set in the Port of Vancouver. The revenue passenger count for the 1989 season totalled \$333,189 a three percent increase over the previous year. The five-month cruise season, which ended with the departure of *Rotterdam*, on October 14, 1989, saw a total of 17 ships make 198 calls at the port's two cruise terminals — Canada Place and Ballantyne. All but one of the ships were engaged in the Vancouver-Alaska cruise.

A study recently issued by the North West Cruise Ship Association estimated that in 1989 the Vancouver-Alaska cruise industry generated direct economic benefits in Canada of \$99 million — much of it in the lower mainland region. The 1990 Vancouver-Alaska cruise season is tentatively scheduled to open on next May 13th, with the arrival of *Regent Sea*.

## PORTS CANADA POLICE

Lieutenant Michael Toddington has been appointed to the position of security officer at the Ports Canada Police Headquarters in Ottawa. As security officer, Lieutenant Toddington's functions will include emergency planning and security issues across the port system. He was formerly with the Port of Vancouver detachment where he worked in the areas of planning and research, security and emergency planning and general police services.

Inspector Michel Aubé has joined the Port of Vancouver as officer in charge of support services with responsibility for criminal investigations, intelligence, security, emergency preparedness, crime prevention, identification and planning and research. Inspector Aubé was formerly located in the Ottawa Headquarters where he was manager, security services.



Michel Aubé

Assuming Inspector Aubé's position in Ottawa is Inspector Richard Darroch who is returning to Ports Canada Police after five years in other agencies. He was most recently with Emergency Preparedness Canada.

Six members of the Ports Canada Police were awarded the Police Exemplary Medal in recognition of 20 years of full time meritorious service. This award was instituted by Her Majesty the Queen in 1983 and is a great honour for those officers who received it. They were:

Chief Superintendent L. H. Beveridge, Ottawa;  
Inspector Bernard Turcotte, Ottawa;  
Superintendent Sydney Peckford, Halifax;  
Inspector Wayne Parlee, Saint John;  
Lieutenant Len Kenny, St. John's; and  
Inspector Richard Godin, Ottawa.

## AAPA

At its annual convention held in October in Tampa, Florida, the American Association of Port Authorities named Dominic J. Taddeo, general manager and chief executive officer of the Montréal Port Corporation, as chairman of the board replacing Gary L. Faylor, executive director of Toledo-Lucas County Port Authority, who becomes the immediate past chairman of the board.

• *Lisa Robertson*



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## BELLEDUNE

La Société canadienne des ports et le ministère de l'Environnement du Nouveau-Brunswick ont terminé le processus de consultation relatif à la construction d'une centrale thermique au port de Belledune. Les résultats de l'étude seront annoncés sous peu.

## SEPT-ÎLES

Le directeur général du port de Sept-Îles, M. Jean-Maurice Gaudreau, a reçu, le 7 octobre 1989, la mention élogieuse de l'amiral de la Marine canadienne en reconnaissance de ses services exceptionnels au commandement maritime. Cette distinction honorifique est normalement remise aux militaires. M. Gaudreau l'a cependant méritée pour sa contribution soutenue et son support administratif à la Réserve canadienne.

## CHICOUTIMI

Le port de Chicoutimi a adjudgé récemment un contrat de 116 000 \$ à la compagnie Tremcofort Inc. pour des travaux de stabilisation et de renforcement au quai Albert Maltais. En exploitation depuis 1976, ce quai a été conçu pour accueillir des pétroliers de moins de 10 000 tonnes. Le contrat a été adjudgé suite à un appel de propositions lancé en septembre 1989.

## QUÉBEC

Le ministre des Transports, l'honorable Benoît Bouchard, a annoncé la nomination de M. André Sarasin au conseil d'administration de la Société du port de Québec, pour un mandat de trois ans. Ingénieur de profession, M. Sarasin fait carrière depuis 30 ans dans l'industrie des pâtes et papier, tant au Canada qu'aux États-Unis. Il est actuellement premier vice-président, Ingénierie et Développement ainsi que membre du Conseil d'administration de la compagnie Les Produits forestiers Daishowa Ltée.

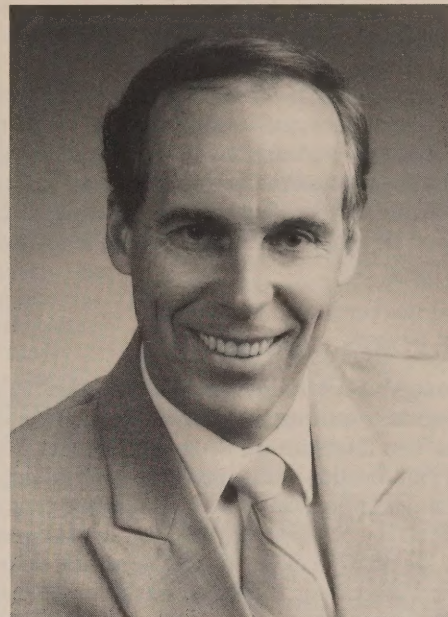
## OTTAWA

Le ministre des Transports, l'honorable Benoît Bouchard, a annoncé la nomination de M. Jean Riou de Québec, pour un mandat de trois ans, au Conseil d'administration de la Société canadienne des ports. M. Riou est associé au cabinet Jolin, Fournier, Morisset, de Sainte-Foy et travaille principalement dans les domaines des relations de travail et du droit corporatif. Il est aussi membre de l'Association canadienne de droit maritime.

La Société canadienne des ports a le plaisir d'annoncer la nomination de deux nouveaux vice-présidents. M. Robert Tytaneck, qui entrera en fonction le 1<sup>er</sup> janvier 1990, occupera le poste de vice-président, Finances et Administration. M. Tytaneck assure depuis trois ans la direction générale de la Société du port de Prince Rupert. Il était auparavant directeur de l'analyse commerciale aux Services de la Société, à Ottawa.

Par ailleurs, M. Warren McCrimmon a été nommé vice-président, Juridique et Immobilier et secrétaire de la Société le 5 septembre 1989. Il faisait récemment partie du minis-

tère des Pêches et Océans, à Vancouver, où il était notamment responsable de la division de recherche juridique et négociait également des questions complexes en droit corporatif, commercial et immobilier. M. McCrimmon assumera les fonctions de secrétaire de la Société qui relevaient de Mme Roza Aronovitch, maintenant conseiller juridique à la Banque du Canada.



Warren McCrimmon

Outre ses fonctions de conseiller principal, Environnement, à la Société canadienne des ports, M. Yvan Gagnon s'est vu nommé coordonnateur du projet Alouette, à Sept-Îles. Il coordonnera dorénavant tous les contrats relatifs aux travaux de construction de cet important projet.

M. Michel Archambault est récemment entré au service de la Société canadienne des ports où il occupe le poste de gestionnaire, Analyse commerciale, en remplacement de M. Brian Acheson qui fait maintenant partie de la firme Sypher Mueller International Inc. M. Archambault occupait auparavant le poste d'analyste économique au sein de la Division de politiques et de coordination de Transports Canada.

## PRESCOTT

La Société canadienne des ports a adjudgé à la *Cornwall Gravel Company Limited* le contrat de construction d'une troisième aire d'entreposage de sel au port de Prescott. Une fois le projet terminé, en 1990, le port aura une capacité additionnelle de 100 000 tonnes pour l'entreposage de sel gemme.

## CHURCHILL

Le port de Churchill a terminé l'étape 1A de son système de dépoussiérage de l'élévateur à grain. Les travaux effectués permettront de réduire le niveau de poussière dans trois parties de l'élévateur afin de respecter les normes actuelles établies par Travail Canada.



## VANCOUVER

Un nouveau record du nombre de croisiéristes a été établi pour la septième année d'affilée au port de Vancouver. En effet, on a compté 333 189 passagers pour la saison 1989, ce qui représente une augmentation de trois pour cent par rapport à l'année précédente. Au cours de la saison de navigation, clôturée par le départ du *Rotterdam* le 14 octobre 1989, 17 navires ont fait 198 escales aux deux gares maritimes, soit Place Canada et le terminal Ballantyne. Tous les navires, à l'exception d'un seul, effectuaient une croisière entre Vancouver et l'Alaska.

Une étude publiée par la *North West Cruise Ship Association* concluait récemment que la navigation de croisière entre Vancouver et l'Alaska a généré, en 1989, 99 millions de dollars en retombées économiques directes pour le Canada, qui se feront sentir surtout dans le *Lower Mainland*. L'ouverture de la saison de croisière 1990 est prévue le 13 mai, avec l'arrivée du *Regent Sea*.

## POLICE DE PORTS CANADA

Le lieutenant Michael Toddington a été nommé au poste d'officier de sécurité au quartier général de la Police de Ports Canada. Les fonctions du lieutenant Toddington comprendront la planification d'urgence et la sécurité dans tout le réseau. Il faisait auparavant partie du détachement du port de Vancouver où il s'occupait de planification d'urgence et de recherche, de sécurité et de services généraux de police.

Par ailleurs, l'inspecteur Michel Aubé fait maintenant partie du détachement du port de Vancouver à titre d'officier responsable des services de soutien, des enquêtes criminelles, des renseignements criminels, de la sécurité, de l'intervention d'urgence, de la prévention des crimes, de l'identification, de la planification et de la recherche. L'inspecteur Aubé occupait le poste de gestionnaire, services de sécurité, à Ottawa.

L'inspecteur Richard Darroch assumera le poste de l'inspecteur Aubé. M. Darroch avait quitté la Police de Ports Canada il y a cinq ans et a travaillé depuis auprès de divers organismes, dont Protection civile Canada jusqu'à tout récemment.

Six agents de la Police de Ports Canada ont reçu la Médaille de service exemplaire en reconnaissance de 20 ans de service méritoire à plein temps. Cette distinction a été instituée par Sa Majesté la Reine en 1983 et constitue un insigne honneur pour ceux qui l'ont reçue, à savoir:

Le surintendant principal, L.H. Beveridge, Ottawa;  
L'inspecteur Bernard Turcotte, Ottawa;  
Le surintendant Sydney Peckford, Halifax;  
L'inspecteur Wayne Parlee, Saint John;  
Le lieutenant Len Kenny, St. John's; et  
L'inspecteur Richard Godin, Ottawa.

## AAPA

Dans le cadre du congrès annuel d'octobre de l'*American Association of Port Authorities*, tenu à Tampa, en Floride, M. Dominic Taddeo, directeur général et dirigeant principal de la Société du port de Montréal, a été nommé président du conseil d'administration. M. Gary L. Failor, de *Toledo-Lucas County Port Authority* est le président du conseil sortant.

• **Lisa Robertson**

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Ports Canada describes a federal system of ports located in Belledune, Chicoutimi, Churchill, Halifax, Montréal, Port Colborne, Prescott, Prince Rupert, Québec, Saint John, Sept-Îles, St. John's, Trois-Rivières and Vancouver.

# Parliamentary Scene

## The House and the Senate

Since the House of Commons and the Senate reconvened on September 25, 1989, their respective Standing Committees on Transportation have been actively considering pressing issues. The House Committee made VIA Rail its priority, while the Senate counterpart examined the withdrawal of the Air Canada service in Stephenville, Newfoundland. In spite of the fact that these issues received more attention than maritime transportation, observers will soon be busy monitoring House and Senate deliberations on the elimination of the At and East Subsidies (Bill C-26), which have implications for grain traffic at several Canadian east coast ports. Parliamentarians are also expected to launch a major study on freight transportation, which will likely examine all modes and their growing challenges in competing amongst themselves in Canada and with their counterparts in the United States. This will include transportation installations like seaports. The increasing competition experienced by Canadian ports from those in the United States has caused sufficient concern in Canada to generate attention by the government. As part of this study, many look forward to contributing to the government's review of the activities and economic situation on the St. Lawrence Seaway.

## Goods and Services Tax

Probably one of the hottest topics in Canada these days is the federal Goods and Services Tax (GST) that is being proposed by the Minister of Finance, Michael Wilson. The new tax system is scheduled to come into force on January 1, 1991. It is likely to cover the vast majority of goods and services consumed in Canada. In other words, it will apply to the final consumption of goods and services in Canada. Exports will be tax-free, also called zero-rated. The Canadian purchaser of tax-free supplies will be entitled to input tax credits at the time he/she reports to Revenue Canada for purposes of the GST. In the case of imports, the GST will apply to the excise- and duty-paid value of the goods. The legal liability for the payment of the GST rests entirely with the purchaser. For imports, the legal liability for payment of GST lies with the importer of record on the day payment for the supply of the goods and/or services is made or when it becomes due. GST will not be collected on exports. Preliminary findings show that, as far as freight transportation services are concerned, the GST will apply to all services by any mode and carrier types. Canadian domestic cargo moving over the United States' transportation system will be subject to the new tax. Both inbound and outbound international freight cargoes will be zero-rated. To date, it appears that different rules may apply depending on whether the goods move

inbound or outbound. Further clarification from Revenue Canada is required in this area. The comprehensive documents released by Minister Wilson are almost overwhelming. The government has succeeded in providing the public with general and technical information prior to the hearings held by the House of Commons' Standing Committee on Finance. Since October 1989, draft legislation and its explanatory notes have been available. The House Standing Committee on Finance held hearings across Canada, including the Northwest Territories, between August 15 and October 26, 1989. The Committee members heard more than 250 testimonies and received even more information in terms of correspondence from interested Canadians. Many were concerned about the nine-percent rate and have suggested that it be lowered to the six- or seven-percent range. The exempt goods and services have also been debated. What is the definition of an exempt good or service? There did not seem to be consensus among the witnesses on this question other than many felt their product or service should be exempt. Positions varied between increasing the list of exemptions, while maintaining the nine-percent rate on taxables, or no exemptions at all with a lower tax rate. The debate is far from over. When the Finance Committee tables its draft report to the House at the end of November, there will be more discussion. Even more so at the end of this year when draft legislation on the GST is introduced and referred to the Legislative Committee. It can be expected that further hearings will be held.

## US Cruise Shipping

In August 1989, US Senator Murkowski (Republican - Alaska) introduced Bill S-1533 aimed at increasing economic benefits from the activities of cruise ships visiting Alaska. The bill has no co-sponsor, nor is there a companion bill in the House at the time of writing. S-1533 has been referred to the Senate Committee on Commerce, Science and Transportation, but no hearings have been scheduled yet. The text resembles similar legislation introduced last year with a few exceptions. It applies only to luxury passenger cruise ships over 1,000 deadweight tons. It also guarantees reduction of third flag ships in the case where a US ship enters the trade. These differences have not eliminated all hurdles, but seem to have made some progress towards deriving legislation that could be more acceptable to Washington's maritime lobbyists. If such a bill were to pass both House and Senate, it would clearly have consequences for the Port of Vancouver's cruise ship activities.

• **Ginette Morin**



# Sur la Colline

## Chambre des communes et Sénat

La Chambre des communes et le Sénat ont été convoqués le 25 septembre 1989. Depuis ce moment, les Comités permanents des transports des Communes et du Sénat se sont activement penchés sur des questions très urgentes. Ainsi, le comité des Communes a fait de VIA Rail sa priorité, tandis que le comité sénatorial a étudié le retrait du service d'Air Canada à Stephenville (Terre-Neuve). Bien que ces questions aient reçu plus d'attention que le transport maritime, les observateurs surveilleront d'ici peu les débats de la Chambre des communes et du Sénat concernant l'élimination des subventions «à l'est de» (projet de loi C-26), lequel a une incidence sur le transport des céréales dans plusieurs ports canadiens de la côte est. On s'attend également à ce que les parlementaires entreprennent une importante étude du transport des marchandises. Cette étude devrait vraisemblablement examiner tous les moyens de transport. Elle devrait aussi se pencher sur le nombre grandissant de défis que posent la concurrence existant au Canada entre ces moyens de transport et celle existant avec leurs équivalents américains. Cette étude portera également sur les installations de transport, comme par exemple les ports de mer. La concurrence croissante que rencontrent les ports canadiens face aux ports américains a soulevé suffisamment d'inquiétude au Canada pour attirer l'attention du gouvernement. Plusieurs souhaitent également contribuer à la revue des activités et de la situation économique de la Voie maritime du Saint-Laurent qu'a entreprise le gouvernement, dans le contexte de cette étude.

## Taxe sur les produits et services (T.P.S.)

La taxe sur les produits et services (T.P.S.), soumise par le ministre des Finances, l'honorable Michael H. Wilson, est sans doute l'un des sujets les plus débattus que l'on puisse retrouver au Canada à l'heure actuelle. Le nouveau système de taxation doit entrer en vigueur le 1<sup>er</sup> janvier 1991. Il doit vraisemblablement englober la vaste majorité des produits et services consommés au Canada. En d'autres termes, ce système s'appliquera sur la consommation finale des produits et services au Canada. Les exportations seront exemptes de taxes, autrement dit détaxées. Le Canadien ou la Canadienne achetant des produits exemptés de taxes aura droit à des crédits de taxes à la consommation au moment où il ou elle fera un rapport à Revenu Canada dans le cadre de la T.P.S. Pour ce qui est des importations, la T.P.S. s'appliquera sur la valeur des droits d'accise des marchandises. L'assujettissement légal pour le paiement de la T.P.S.

repose entièrement sur l'acheteur. Dans le cas des importations, l'assujettissement légal pour le paiement de la T.P.S. repose sur l'importateur inscrit au dossier le jour du paiement des produits et/ou services ou encore, lorsque le paiement est échoué. La T.P.S. ne sera pas perçue sur les exportations.

En ce qui concerne les services reliés au transport des marchandises, les données préliminaires montrent que la T.P.S. s'appliquera à tous les services quels que soient les modes et les moyens de transport. La nouvelle taxe touchera les cargaisons d'origine canadienne se déplaçant sur le réseau de transport américain. Par contre, les cargaisons internationales qui arrivent au Canada ou qui en repartent seront détaxées. Jusqu'ici, il semble que des règlements différents puissent s'appliquer selon que les marchandises arrivent ou sont en partance. De plus amples précisions sont nécessaires de la part de Revenu Canada dans ce secteur.

La documentation détaillée fournie par le ministre Wilson est volumineuse. Le gouvernement a cependant réussi à fournir au public de l'information générale et technique avant les auditions tenues par le Comité permanent des finances. Depuis octobre 1989, une législation préliminaire ainsi que des notes explicatives sont disponibles.

Du 15 août au 26 octobre 1989, le Comité permanent des finances a tenu des audiences partout au Canada, y compris dans les Territoires du Nord-Ouest. Les membres de ce comité ont entendu plus de 250 témoignages et ont reçu encore davantage d'information sous forme de lettres de Canadiens intéressés par la question.

Plusieurs personnes s'inquiétaient du taux de 9 pour cent de la taxe et ont suggéré qu'il soit abaissé à un niveau de 6 ou 7 pour cent. On a également débattu la question des produits et services exemptés. Quelle est la définition d'un produit ou d'un service exempté? Il ne semblait pas y avoir de consensus sur cette question parmi ceux qui ont témoigné, sauf que plusieurs d'entre eux estimaient que leurs produits ou biens devaient être exemptés. Certains proposaient d'élargir la liste des exemptions, tout en maintenant le taux de 9 pour cent sur les produits taxables, alors que d'autres suggéraient d'éliminer les exemptions et d'établir le taux de taxation à un niveau moindre.

Le débat ne fait que commencer. D'autres discussions sont prévues lorsque le Comité des finances présentera son rapport préliminaire à la Chambre des communes, à la fin du mois de novembre. Il y aura encore davantage de discussions à la fin de l'année, lorsqu'une législation préliminaire sur la T.P.S. sera déposée et soumise au Comité législatif. On peut enfin s'attendre à ce que d'autres audiences aient lieu.

• **Ginette Morin**

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# “Following the Tracks”

## To the Editor:

In the article “Following the Tracks: a challenge to Canadian ports and railways” (Portus, Fall 1989), the author, John W. MacDonald, has raised several very critical issues about which the Halifax Port Corporation is very concerned.

The following is a list of comments and suggestions.

“... recent initiatives by US freight container operators... likely to impact unfavorably on Canada’s container ports” (p. 28)

A conclusion of this nature should not be in the Statement of Purpose. Obviously the impact is dependent on the actions and reactions of each individual port, in view of the costing analyses and operational considerations of each individual container carrier. This point must be brought out elsewhere in the paper.

“double stack rail service operating from the US Pacific coast... have caused a shift in operations away from the Asia-Canadian east coast all-water route...” “This phenomenon has been directly responsible for the Japanese shipping lines’ port rationalization which led to the demise of Saint John...” (p. 28)

This is an over-generalization. During the same 1986-88 period that double-stacked trains proliferated on the US west coast, Halifax saw its Asian traffic increase from almost nothing to close to one-third of its container tonnage base, and this occurred during a period that tonnage almost doubled. Greater care must be taken when making generalizations which eventually affect national transportation and port policy. Also, there are several reasons why the Japanese lines chose to leave Saint John. It would be more accurate to say, “This phenomenon contributed to the demise of Saint John...”

“Any leakages (of Montréal, Vancouver and Halifax container traffic) to US surface systems were not viewed as being crucial.” (p. 28)

The Halifax Port Corporation treats any and all identifiable losses of container traffic as crucial and actively works with all partners to prevent and/or regain such losses.

## Recent developments

This analysis might be made more complete by first listing the developments and explaining how each threatens the continued growth of container cargo at Canadian ports, and then listing the developments which run counter to the trend.

“Continued shore-side investments by foreign shipping lines in terminals and rail capacity which in turn has committed them to US base ports while maintaining a flexibility towards port selection elsewhere.” (p. 29)

This development begins to support the thesis that container cargo at Canadian ports is threatened, however, it is then countered

by the statement that there is still flexibility toward Canadian port selection. The impact of this development must be clarified, especially in light of the fact that Halifax (and other ports) views infrastructure commitments at US ports as a marketing opportunity for itself. Furthermore, the Port of Halifax has attracted 15 new container shipping lines since 1986. This definitely runs counter to the trend Mr. MacDonald is supporting, and should, therefore, be examined.

“The expansion of barge feeder services by Fraser Port...” (p. 29)

Again, increasing feeder capacity at Canadian ports is not necessarily detrimental to the growth of container traffic at Canadian ports. This point requires some elaboration.

“The improvement of Chicago-Toronto (and Montréal) rail runthroughs by Canadian rail companies. These were intended to assist Atlantic traffic moving via Canadian eastern ports but have of late (for CN) attempted to garner Ontario traffic moved via US longhaul systems” (p. 29)

This point requires clarification. Halifax currently handles virtually no US midwest traffic which could be assisted. Is the reference to Montréal?

“... the easing of entry into the Canadian market by US systems. This phenomenon is likely to be augmented by the US-Canada Free Trade Agreement which portends increased transborder traffic.” (p. 29)

How will increased transborder traffic ease entry into Canada by US (transportation) systems?

“Growth of third parties as solicitors of Canadian traffic will render that traffic route blind.” (p. 29)

Very interesting point!

“... preference by Canadian intermodal operators, both carriers and ports to market their individual competencies and attributes rather than to represent themselves as invisible links in a chain making up an effective all-Canadian distribution system.” (p. 29)

It is competitively necessary for the Port of Halifax to market itself separately from the Port of Saint John or the Port of Montréal. However, the Port Corporation does not market the Port of Halifax in isolation. Joint promotional efforts are conducted by the Halifax-Dartmouth Port Development Commission, CN and the terminal operators; and these bodies’ individual efforts are in tune with an attempt to complement the others’.

The Halifax Port Corporation is not in business to market other ports, and is keenly aware of the activities of all its intermodal partners.

“The alternative, routing via US ports and surface systems which are perceived to be lower cost by virtue of volumes handled, is increasingly threatening...” (p. 29)

The goal of those routing cargo is not to perceive to save money, but to make money, and for most carriers costs are always weighed against services. A US routing may offer some Canadian shippers a better price/service mix than a Canadian routing.

“Port of Vancouver estimates... 10,000-15,000 TEUs of Canadian traffic are presently moving via California ports...” (p. 29)

This can be cross-referenced with PIERS data for accuracy.

“... Conrail... is seeking access to Montréal via its line through Syracuse, N.Y.” (p. 30)

CP is providing use of its track and Montréal area terminal to Conrail, which initiated a single-stack container service on July 10th.

“Conrail is believed to be examining the possibility of constructing an intermodal terminal...” (p. 30)

This section is already outdated. For the information of your readers, the service is being heavily marketed by Maher Terminals (New York) with a three-day (4th morning) delivery. It is not expected to compete to any great extent with trucking, but rather to supplement trucking with both volume and an ability to handle overweights. It is rumoured that the New York-Quebec line is currently being upgraded to accommodate a shift from single- to double-stack service in the fall.

“The result would likely be the loss of some direct ocean line calls at the Port of Halifax...” (p. 31)

Halifax is very concerned about the initiation of this service as it will provide direct competition. Most lines are going by Halifax on the Great Circle route, but those which are not, might feel they could save a few days’ time and money dropping Canadian cargo at New York. Of greater concern is the lost opportunity for Saint John and Halifax to attract new ocean carriers with north-south routings, and the potential threat associated with Conrail transforming its single-stack into a double-stack service.

It should be noted that Halifax is not laying idle. Discussions have progressed with CN regarding double stacking on the Toronto-Halifax corridor, and CN has every intention of offering technological improvements to Halifax users as soon as possible. Further, the port can offer Canadian shippers many operational advantages which are



not found in NY/NJ. These advantages are being strenuously marketed.

*"... the loss of actual tonnage will be felt less than the loss of port revenues and local employment." (p. 31)*

Requires explanation as most of the HPC's revenues are tonnage based.

*"Volume builds volume" (p. 31)*

Very pertinent observation; however, as Halifax's container tonnage grew by 27 percent last year, the snowballing effect to date is not negative but positive.

*"A possible increase in port operating charges assessed against less flexible traffic..." (p. 31)*

The Halifax Port Corporation will continue to strive for an increasingly diversified cargo base. It is not our policy to increase charges levied against one cargo to pay for decreasing volumes of other cargoes.

*"From the policy perspective, ... there could be need to examine alternative means of assisting ports, particularly where regional development aspects of port economic activity and employment figure prominently." (p. 31)*

Insofar as the Halifax Port Corporation has a profit objective, it continues to stress that ports need to know the parameters of the game before it starts, and need to play on a level playing field. When subsidies are pulled without notice, and when non-users of transport services are paying for that which they do not receive (or vice versa), and when national transportation policies contradict themselves (i.e., by allowing Conrail to demand use of CP rail which will divert Canadian cargo to the US, while stating that traffic through Canadian ports is to be encouraged), it is difficult to compete. These are the policy issues which most urgently need to be addressed.

*"... a large-scale replacement of Canadian rail hauls with the (allegedly) more efficient, cost-effective US systems. This is not, at least in the east, the case." (p. 32)*

This is not fully explained. The background and development preceding this section do not lead to this conclusion.

*"In a subsequent paper... approaches and alternatives aimed at enhancing the attractiveness of the all-Canadian system, will be examined." (p. 32)*

The HPC eagerly awaits the publication of the paper. §

**David Bellefontaine,**  
President and CEO  
Halifax Port Corporation  
Halifax, N.S.

## Royal Commission on Transportation

OTTAWA, ONTARIO — On October 19, 1989, prime minister Brian Mulroney announced that Louis Davies Hyndman is to head the Royal Commission on a National Passenger Transportation System for the Twenty-first century.

Eight other distinguished Canadians have also accepted to serve as Commissioners. They are Marie-Josée Drouin who will be the vice-chair, Susan Fish, Marc Gaudry, John Hamilton, John Helliwell, William Kelly, Maurice LeClair, and James D. McNiven.

Janet R. Smith, previously deputy minister, Office of Privatization and Regulatory Affairs, has been appointed executive director of the Commission.

The prime minister reconfirmed his expectation that this Commission will provide a blueprint for a comprehensive coordinated passenger system for the next century.

## Commission Royale d'enquête

OTTAWA, Ontario — Le premier ministre Brian Mulroney a annoncé, le 19 octobre 1989, que Louis Davies Hyndman présidera la Commission royale d'enquête sur un système national de transport des voyageurs pour le XXI<sup>e</sup> siècle.

Huit autres éminents Canadiens ont accepté de devenir membres de la Commission. Ce sont : Marie-Josée Drouin, qui agira à titre de vice-présidente, Susan Fish, Marc Gaudry, John Hamilton, John Helliwell, William Kelly, Maurice LeClair et James D. McNiven.

Janet R. Smith, qui était auparavant sous-ministre au Bureau de la privatisation et des affaires réglementaires, a été nommée directrice exécutive de la Commission.

Le premier ministre a répété qu'il attendait de la Commission qu'elle fournisse aux Canadiens un plan directeur pour l'établissement d'un système complet et coordonné de transport interurbain des voyageurs qui nous fera entrer de plain-pied dans le XXI<sup>e</sup> siècle. §



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# LE SAINT-LAURENT

## Sa compétitivité est-elle menacée?



Gouvernement du Québec  
Secrétariat à la mise en  
valeur du Saint-Laurent



De gauche à droite: Hugues Morrisette, Jean-Claude Lasserre, Suzie et André Roberge.

C'est le 17 août dernier qu'a eu lieu, à Québec, le lancement officiel de l'ouvrage intitulé «Le Québec et le Saint-Laurent, pour une analyse de compétitivité de la voie d'eau». Dans une salle aux baies vitrées de l'Édifice du Havre surplombant le Saint-Laurent dans toute sa majesté, le professeur Jean-Claude Lasserre, auteur de l'étude, a communiqué à une centaine d'invités les résultats de sa recherche. Professeur à l'Université Lumière Lyon 2 et chercheur au Laboratoire d'Économie des Transports, M. Lasserre n'est certes pas étranger aux problèmes de la voie d'eau laurentienne, puisqu'il étudie le sujet sous tous ses angles depuis bientôt 25 ans. En effet, en 1975, il a soutenu sa thèse de doctorat d'État en géographie sur le Saint-Laurent et en a d'ailleurs tiré un livre intitulé: «*Le Saint-Laurent, grande porte de l'Amérique*». En 1988, il a répondu à l'invitation du Secrétariat à la mise en valeur du Saint-Laurent en consacrant une année sabbatique à l'étude des problèmes de compétitivité de la voie maritime laurentienne.

- Le point de départ de la réflexion qui a inspiré cette étude est la chute du trafic du fleuve, depuis la fin des années soixante-dix.
- Étant d'avis que cette évolution négative est très inquiétante, Lasserre explique que son rapport a pour objectif de contribuer à la relance d'un débat incontournable, car une partie de l'avenir économique du Québec en dépend. «La chute du trafic sur le Saint-Laurent doit être considérée comme une véritable crise dont le Québec est la première victime. Les Québécois vont-ils se contenter d'assister impuissants à cette évolution, comme si cela ne les affectait pas?»
- s'inquiète le spécialiste.
- La position géographique du fleuve Saint-Laurent comme l'une des grandes portes de l'Amérique du Nord ne jouit pas d'un monopole. Bien au contraire, des concurrents tels que New York, le Mississippi, la Nouvelle-Orléans, ou Vancouver ne demandent qu'à recevoir le trafic qui dessert le fleuve, a déclaré M. Lasserre. «Les Canadiens ont eux-mêmes tissé la toile qui étouffe petit à petit leur voie d'eau. Le Canada exige

- des péages alors qu'aux États-Unis, aucun frais n'est exigé sur le Mississippi. La Loi sur le transport du grain de l'Ouest crée des inégalités criantes entre les deux extrémités du pays».
- «Au total, s'il est vrai que les diminutions de trafic sur le Saint-Laurent peuvent être attribuées en partie à des changements d'ordre structurel ou conjoncturel, les facteurs politiques me paraissent de loin les plus importants». Dans cette perspective, les recommandations émises par M. Lasserre visent à contrer les problèmes de compétitivité du Saint-Laurent par la création d'une politique cohérente en matière de transports.
- Il recommande entre autres, que les gouvernements canadien et américain entament des discussions afin de coordonner leurs politiques de transport maritime et que les termes de l'Accord du libre-échange soient révisés,
- «puisque'il protège la batellerie américaine des Grands Lacs de façon injustifiée».

• Jo-Anne Doucet



# In Search of Greener Pastures

by Henri Laflamme\*

Increasingly Canadian and US overseas trade is being shipped to markets via each other's ports as the North American transportation network becomes more and more integrated. Technological innovations in the transportation sector (water and rail) has played a catalyst role in this integration process and have forced shipping lines to take full advantage of these new innovations in order to maintain or increase their share of North American overseas trade. Some Canadian and American ports have suffered from these developments which have reshaped the North American port system. However, some ports, on both sides of the border, have benefited from these changes. In this article, we will describe major characteristics of Canadian trade diverted via US ports in 1988. The data used in this analysis are derived from the Journal of Commerce (PIERS) and were tabulated by the Canada Ports Corporation. However, any error or omission is the sole responsibility of the author.

In 1988, about one fifth of all Canadian overseas container trade, or about two million tonnes, was routed via US ports. According to a study examining this trade,

*US ports on both coasts have benefited from increased Canadian cargo diversion but those on the west coast, such as Seattle and Tacoma, are clearly the biggest winners.*

this share appears to have remained constant since 1982.<sup>1</sup> Canadian traffic was split about equally between export and import with the former being slightly higher (52 percent).

US ports on both coasts have benefited from increased Canadian cargo diversion but those on the west coast, such as Seattle and Tacoma, are clearly the biggest winners. Of the two million tonnes of Canadian container cargo routed via US ports, over two-thirds were transiting via west coast ports. Tacoma handling half of Canadian traffic on the west coast (nearly 700,000 tonnes) while the Seattle's share was 37 percent. A large majority of the remaining Canadian traffic handled on the west coast were routed via ports in California. These ports have for the past few years seen an increasing amount of Canadian traffic using



CANADA PORTS CORPORATION

their facilities. Not surprisingly, this growth parallels the increasing amount of dedicated double-stack train services between ports in this region and inland markets throughout North America.

On the east coast and the Gulf, New York was the dominating port handling Canadian diverted traffic (64 percent of this traffic) while Norfolk shipped nearly 10 percent of this traffic. Many other ports in the southern east coast and the Gulf also handled Canadian cargo including Philadelphia, West Palm Beach and Baltimore. However, the volume of Canadian traffic shipments through each of these ports was insignificant.

Looking at province of origin or destination of Canadian diverted cargo, Ontario was the largest source of diversion, followed by British Columbia and Quebec. On the west coast, BC represented nearly two-thirds of export traffic (close to two-thirds consisting of wood products) and 32 percent of import traffic while Ontario-bound traffic constitutes 46 percent of import traffic. On the east coast and the Gulf, 48 percent and 42 percent of export traffic originated from Ontario and Quebec, respectively, while over 60 percent of import traffic was destined to Ontario compared to about 30 percent which was shipped to Quebec.

Nearly three-quarters of all Canadian container trade diverted through US ports was made up of trade with Asian countries while trade with Latin America\* and western Europe accounted for 10 percent and 8 percent, respectively, of overall traffic.

On the west coast, Canadian diverted traffic consisted mainly of trade with Asian countries which accounted for over 90 percent of imports and 87 percent of exports. Regarding exports to Asian countries, over 45 percent were destined to Japan while about 30 percent were shipped to Taiwan, South Korea, and Hong Kong. On the import side, Japan and Taiwan each shipped about one fourth of imports from Asian countries while over 35 percent came from Hong Kong, South Korea, and the People's Republic of China.

On the east coast and the Gulf, Asian trade was also quite important, but to a lesser extent than on the west coast, by constituting over 40 percent of exports and imports. Trade with Latin America\* represented 36 percent of exports and one-fifth of imports while trade with west European countries accounted for one-third of imports and only 12 percent of exports. Over one-fifth of Asian traffic was with Japan while China and Hong Kong handled each about



15 percent of this traffic. Trade with Latin American countries\* was concentrated on the import side with 70 percent of this trade originating from Brazil, Chile and Argentina while on the export side, a significant amount of traffic was shipped to Caribbean countries. As for imports from western Europe, one-fourth came from Spain and 15 percent from West Germany.

Many types of Canadian goods were shipped via US ports with the major ones being food products, wood products, machinery and rolling stocks, consumer goods and chemical products. Wood and food products accounted for nearly two-thirds of all exports (34 percent and 30 percent, respectively) while machinery and rolling stocks represented over one-fifth of total imports. Consumer goods and food products each represented 21 percent of overall imports.

Wood products represented a very large portion of Canadian cargo exported through

- the west coast (45 percent) while food and
- chemical products accounted for nearly
- 60 percent of export traffic on the east coast
- and the Gulf. Looking at imports, the east
- coast and the Gulf handled a large portion of

*In 1988, about one fifth of all Canadian overseas container trade, or about two million tonnes, was routed via US ports.*

- food products (34 percent) while machinery
- and rolling stocks account for over 30
- percent of traffic on the west coast followed
- closely by consumer goods at 24 percent.

- The main wood products exported were
- logs and lumber, newsprint and wood-pulp
- while the leading food products exported
- were pet and animal feeds and soyabeans and
- produce.

- On the import side, some of the predomi-
- nant machinery and rolling stocks were auto
- parts, engine motors and parts, and tele-
- vision equipments. Some of the major food
- products were canned foodstuffs, fruits and
- vegetables while some of the main consumer
- goods were auto and truck tires and tubes,
- furnitures and footwear. ‡

\*Includes Caribbean countries

- 1) Archambault, M and Rajani, S, *Canadian and*
- *American Overseas Trade Through Each Other's Ports,*
- Economic Analysis, Transports Canada, 1987.

- \*Henri Laflamme is senior business analyst,
- Corporate Services, Canada Ports Corporation,
- Ottawa, Ontario.

## EC and Shipping

The European Commission has been asked to investigate the legality of rate fixing among shipping lines operating between Europe and the US. The British Shippers' Council (BSC) claims that the rate agreements break two competition regulations of the European Community. The formal complaint from BSC is the latest move in a long-running battle between shippers' council and conference lines.

BSC claims that the rate agreement creates a super-cartel covering all routes between Europe and both US seaboard. The agreement, which took effect in July 1989, replaces three separate agreements covering Atlantic, Gulf, and Pacific coast trades. BSC claims the new agreement breaks regulations by extending pricing arrangements to the whole of a cargo journey rather than just the ocean leg. Shippers will not be able to avoid using a conference line to the west coast by using overland transport from an east coast port.

BSC claims the agreement is anti-competitive on other grounds: provisions in the agreement allow selective pricing of commodities and cargo allocation between lines. BSC says this allows conference lines to drive independent operators out by sharing the costs of operating at a loss; lines in the agreement will be able to control credit and payment arrangements, and share information about bad debts. The European Commission has come down hard on this kind of arrangement in other areas of business. ‡

• **Hugh Quigley**

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## “Plus ça change, plus c’est la même chose”

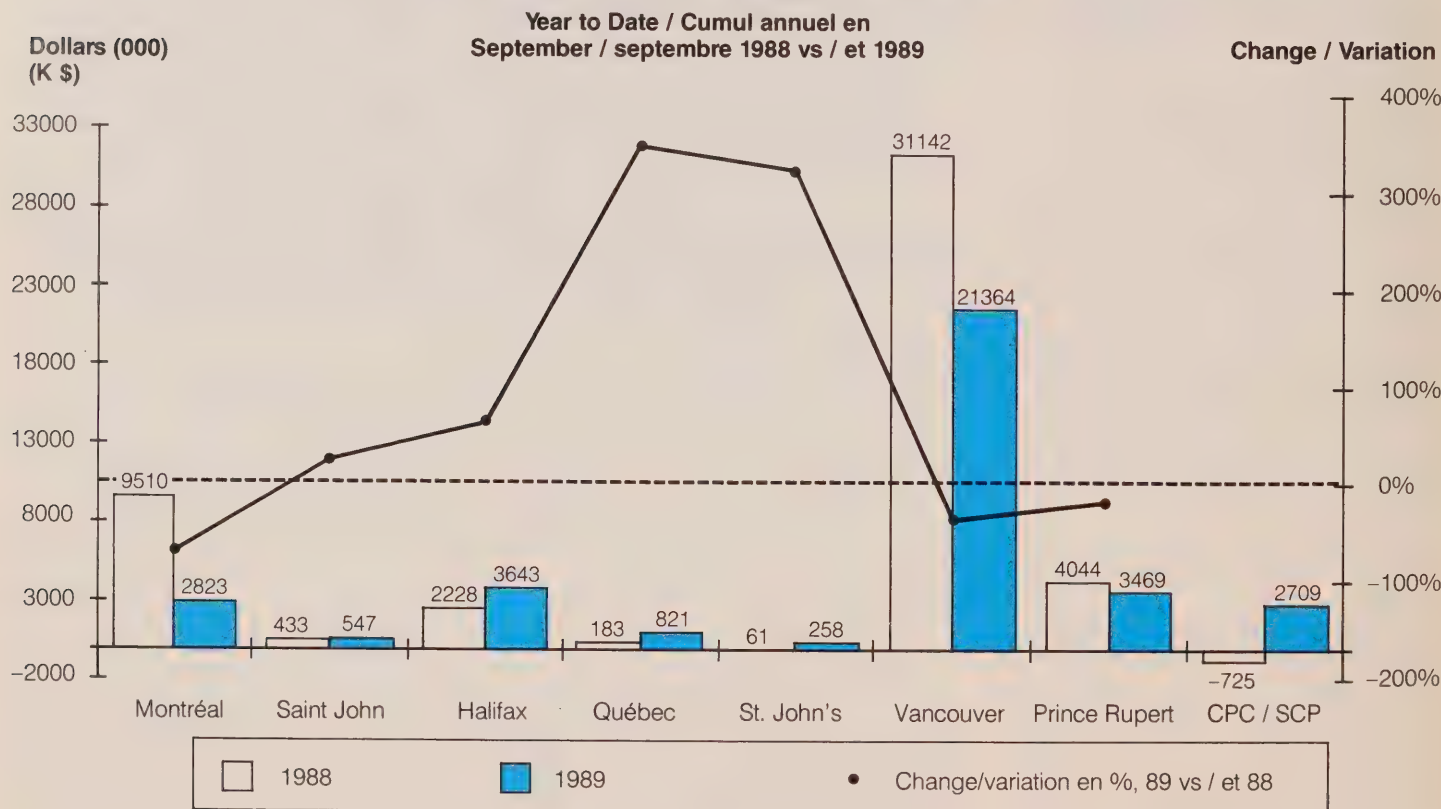
**P**lus ça change, plus c’est la même chose.” The phrase characterizes Ports Canada’s traffic and business results through the third quarter of 1989. The sentence that led off the Report on Business in the previous issue of *Portus* can be re-used in this issue — “The slow start in tonnage performance and business activity experienced by Ports Canada in the first quarter of 1989 has maintained its pace throughout the six-month period.” All that needs changing are the references to the quarters.

The accompanying charts show that some ports have achieved increases in traffic and volume, while others have struggled against declines. What the charts do not show is that the overall Ports Canada total for three quarters is down appreciably, 10 percent in traffic tonnage and 32 percent in net income. The decreases amount to 6 million tonnes and \$17 million, respectively. The weight of

- the big ports of Montréal and Vancouver is at the source of these results.
- One word — grain — explains most of the disappointing results in Montréal and Vancouver. Both these ports are also having a less successful year in the container business.
- Québec has also been hard hit on the tonnage side by lower than expected grain traffic, but has nevertheless managed to improve its financial performance by a variety of cost control and revenue generating measures.
- The bright spot in the picture is on the Atlantic. All three ports of Halifax, Saint John and St. John’s have attained growth in both traffic and net income, although for varying reasons. Halifax has had an increase in traffic while maintaining strict control of expenses. Saint John has benefitted from some recovery in container traffic while enjoying strong activity in forest products.

- St. John’s has received extra business, as expected, following the closure of the Newfoundland railway.
- Prince Rupert’s downturn results from a cooling off in the torrid forest products sector and weakness in coal and grain exports.
- The Canada Ports Corporation (CPC) figures are the total of the Divisional Ports of Belledune, Sept-Îles, Chicoutimi/Baie des Ha! Ha!, Trois-Rivières, Prescott, Port Colborne and Churchill. The total CPC traffic decrease is not due to a single commodity or port, but is rather the combined effect of many commodities across all the Divisional Ports. The huge turnaround in net income arises almost entirely at Churchill, where a small increase in grain traffic as well as significant reductions in expenses, have lessened the loss from about \$3 million to close to breakeven.
- **Jean Lespérance**

### PORTS CANADA – NET INCOME / BÉNÉFICE NET





# « Plus ça change, plus c'est pareil »

« Plus ça change, plus c'est pareil », voilà en quels termes on peut décrire le résultat des activités de Ports Canada en ce qui a trait au trafic et au chiffre d'affaires du troisième trimestre de 1989. La phrase qui débutait *Les Affaires* du dernier numéro de *Portus* peut même être reprise : « Le ralentissement constaté par Ports Canada au cours du premier trimestre de 1989 pour ce qui est du tonnage et du chiffre d'affaires s'est maintenu tout au long du semestre. » Il est seulement nécessaire d'y changer la référence au semestre et de la remplacer par « troisième trimestre ».

Tel qu'indiqué dans les tableaux qui suivent, certains ports ont connu une augmentation de leur trafic et de leurs revenus, tandis que d'autres ont livré une bataille ardue contre le déclin. Toutefois, ce que les tableaux ne montrent pas c'est l'importante diminution de l'ensemble des résultats au cours des trois premiers trimestres, soit 10% pour ce qui est du tonnage et 32% pour ce qui est des bénéfices nets. Les baisses totalisent respectivement 6 millions de tonnes et 17 millions \$. L'importance des deux grands ports de Montréal et Vancouver explique ces résultats.

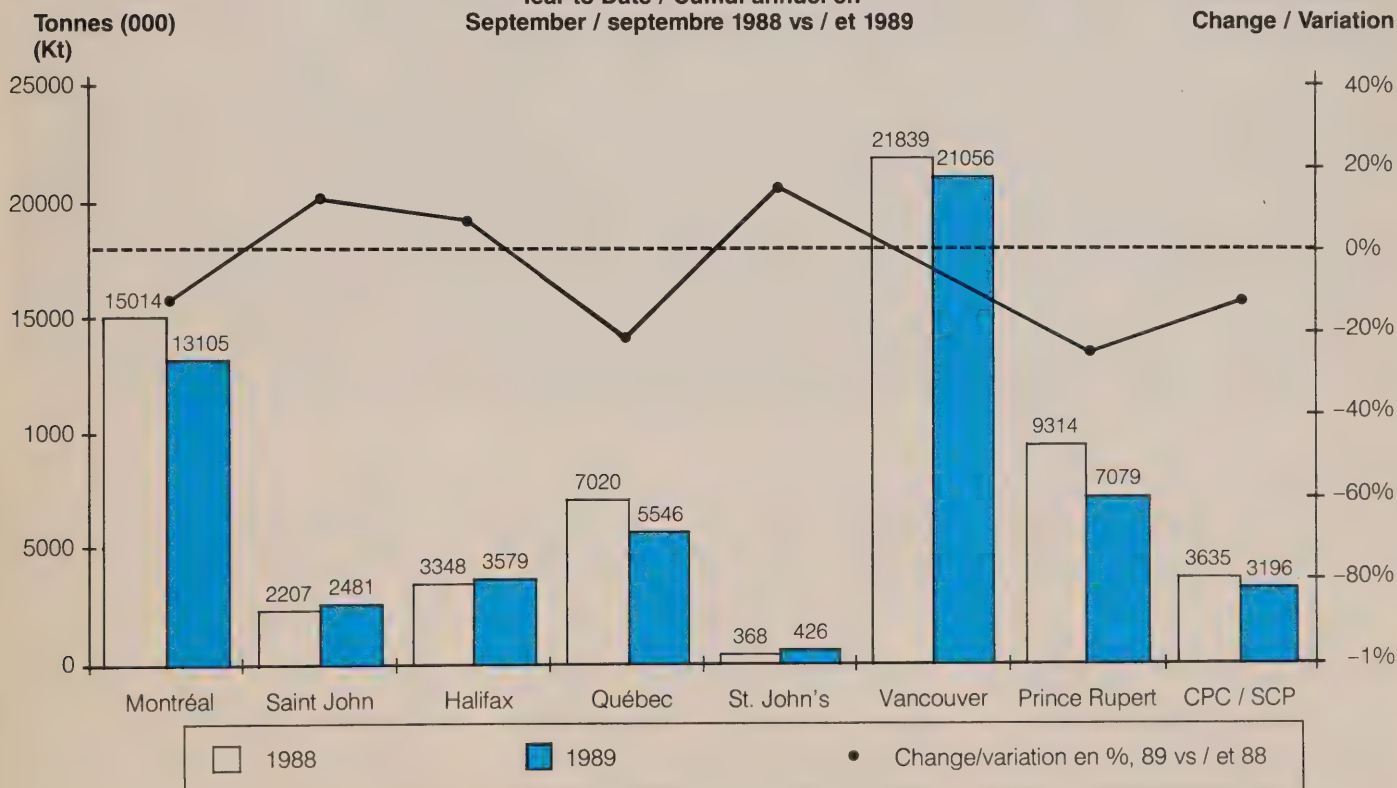
- La diminution du transport des céréales est à l'origine des résultats décevants qu'ont connus Montréal et Vancouver. Ces deux ports connaissent aussi une année moins prospère en ce qui a trait au transport par conteneur.
- Le port de Québec a également été durement touché pour ce qui est du tonnage puisque le transport des céréales a été moindre que prévu; il a toutefois réussi à améliorer ses performances financières par une série de mesures visant à contrôler les coûts et à produire des revenus.
- Toutefois, du côté de l'Atlantique, la situation se présente sous un jour plus favorable. Les trois ports de Halifax, Saint John et St. John's ont connu une croissance à la fois de leur trafic et de leur bénéfice net, mais cependant pour des raisons différentes.
- Le port d'Halifax a connu une augmentation de son trafic tout en maintenant un contrôle sévère de ses dépenses. Celui de Saint John a pour sa part bénéficié d'une certaine reprise dans le secteur du transport par conteneur tout en profitant d'une grande activité en ce qui regarde les produits forestiers. Enfin, le port de St. John's a fait davantage d'affaires à la suite de la fermeture du réseau ferro-

- viaire de Terre-Neuve.
- Le port de Prince Rupert a connu des résultats à la baisse suite à une certaine stabilisation du secteur des produits forestiers et à une diminution des exportations de charbon et de céréales.
- Les chiffres de la Société canadienne des ports comprennent le total des chiffres des ports divisionnaires de Belledune, Sept-Îles, Chicoutimi/Baie des Ha!Ha!, Trois-Rivières, Prescott, Port Colborne et Churchill. La baisse totale du trafic de la Société canadienne des ports n'est pas causée par une seule marchandise ou par un seul port; il s'agit plutôt de l'effet combiné de plusieurs marchandises dans tous les ports divisionnaires. L'important volte-face dans le bénéfice net est presque entièrement dû à Churchill, où une légère augmentation dans le trafic des céréales combinée à d'importantes réductions des dépenses a diminué les pertes d'environ 3 millions \$ et a ainsi permis un bilan presque équilibré.

• Jean L'Espérance

## PORTS CANADA - TRAFFIC / TRAFIC

Year to Date / Cumul annuel en  
September / septembre 1988 vs / et 1989





# PORT OF CHICOUTIMI

## *A History Worth Following*

by Réjean Dufour\*

PORT OF CHICOUTIMI



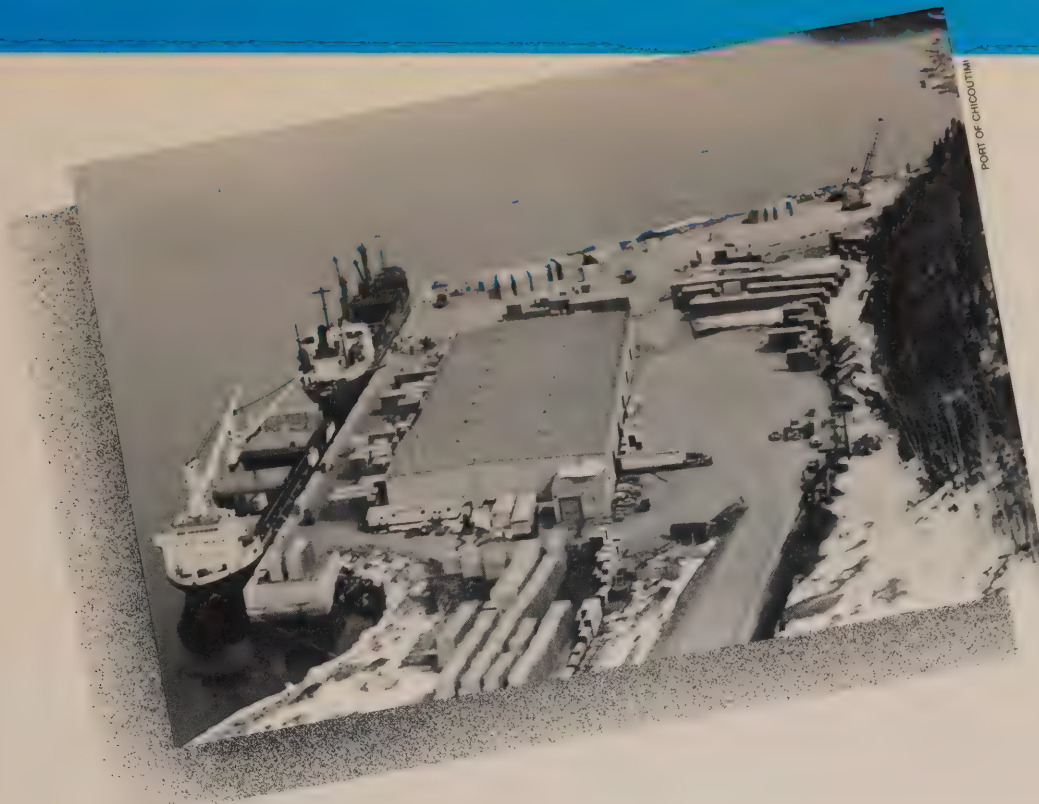
Jacques Cartier discovered the “kingdom of the Saguenay” on his second voyage to Canada, anchoring in the harbour of the Tadoussac on September 1, 1535. This region, which became known as the “*domaine du roi*” (King’s domain), comprises a vast area extending inland from the north shore of the St. Lawrence along the majestic Saguenay River to Lake Mistassini. Samuel de Champlain was the first to venture this way in 1603, when he sailed 15 leagues up the Saguenay before turning back. The area was rumored to have mines of yellow metal.

Sixty years later, Michel Leneuf de la Vallière discovered the passage between

- Hudson Bay and the Saguenay: “We arrived early at a remarkable spot in Chegoutimis, a remarkable site because it marked the end of fine sailing and the beginning of portaging.”
- The Chicoutimi trading post was built at the mouth of the Chicoutimi River in 1676. For the next decade, more furs were traded here than anywhere else in Canada. Thus began commercial shipping, with schooners anchoring in the Chicoutimi basin. This type of shipping remained stable until the Saguenay was opened up to colonization in 1838.
- By this time, the name of William Price was already gaining prominence. The Hudson Bay Company lost its contract for

- sawmilling to Price. In 1842, he and his Métis associate, Peter McLoad, established the *Scierie de la rivière du Moulin*; in 1844, they built another sawmill in the Chicoutimi basin. This marked the beginning of wood exportation to England; some of the 20 vessels were loaded with over 27,000 beams.
- It was not until 1873 that a wharf was constructed on the Moulin River. Sawdust from the mills on the basin and the Moulin River obstructed the Saguenay. A channel that was 16 feet deep at low tide was gradually dug as far as Chicoutimi. In 1896, Chicoutimi businessmen, including J.E.A. Dubuc, established the Chicoutimi pulp





company, which joined the North American Pulp and Paper Company in 1915 and went bankrupt in 1924. A port at Chicoutimi seemed to have a promising future handling the sulphur, soda and coal required by the region's expanding paper industry, embodied in the Price Co.

In 1929, 458 heavy and light vessels were added to the existing fleet of schooners and barges. The Chicoutimi harbour commission was responsible for administration from 1926 until 1936, when the then National Harbours Board took over. By this time, the port had a 792-meter wharf with a low-tide depth of 9.1 meters, a concrete warehouse, a shed and 2,590 meters of rail lining.

The port was bustling with activity, receiving an average of 400 vessels annually over a six- to seven-month period.

In the 1940s, the port's orientation began to change: petroleum products replaced coal, and the paper industry supplied both the Canadian and American markets, transporting its incoming cargo by rail.

By 1950, the Port of Chicoutimi was a petroleum products terminal. Almost all storage areas were rented by oil companies, some building their own port facilities downriver at the town of Saguenay. Petroleum products traffic was expected to rise and in 1976 the port inaugurated its new tanker wharf at Pointe-à-l'Islet. However, with the stricter environmental standards, there was a great deal of pressure to move the 43 tanks from downtown Chicoutimi.

Deep water, year-round accessibility and distance from urban centers were the criteria for a new site. The choice was Grande-Anse, downriver on the Saguenay, in the municipality of la Baie. Traffic at the Port of Chicoutimi had dropped dramatically, from 700,000 metric tonnes in 1981 to 310,000 metric tonnes in 1985, the year the marine

## A Bird's Eye View

**T**he Port of Chicoutimi is located on the Saguenay River, about 54 nautical miles upstream of the confluence of the Saguenay River and the St. Lawrence River. Even though situated within the interior of the Quebec landmass, the port has a surprisingly good capacity for receiving high-tonnage ships, for example, ships of 150,000 metric tonnes at the Grande-Anse terminal. This is because the Saguenay River is a fjord.

The port is endowed with two modern terminals. The first, Albert Maltais Terminal, which was inaugurated in 1977, is a petroleum dock with a single berth. Albert Maltais is utilized by three petroleum companies, Petro Canada, Texaco and Ultramar for the reception of petroleum products destined for the Lac Saint Jean region. The terminal can receive ships of up to 10,000 tonnes and the storage capacity of its reservoirs exceeds 150,000 cubic meters. The navigational period is from April to December, with closure in the other months due to winter ice conditions.

The Grande-Anse terminal, however, does not have to close because of ice conditions,

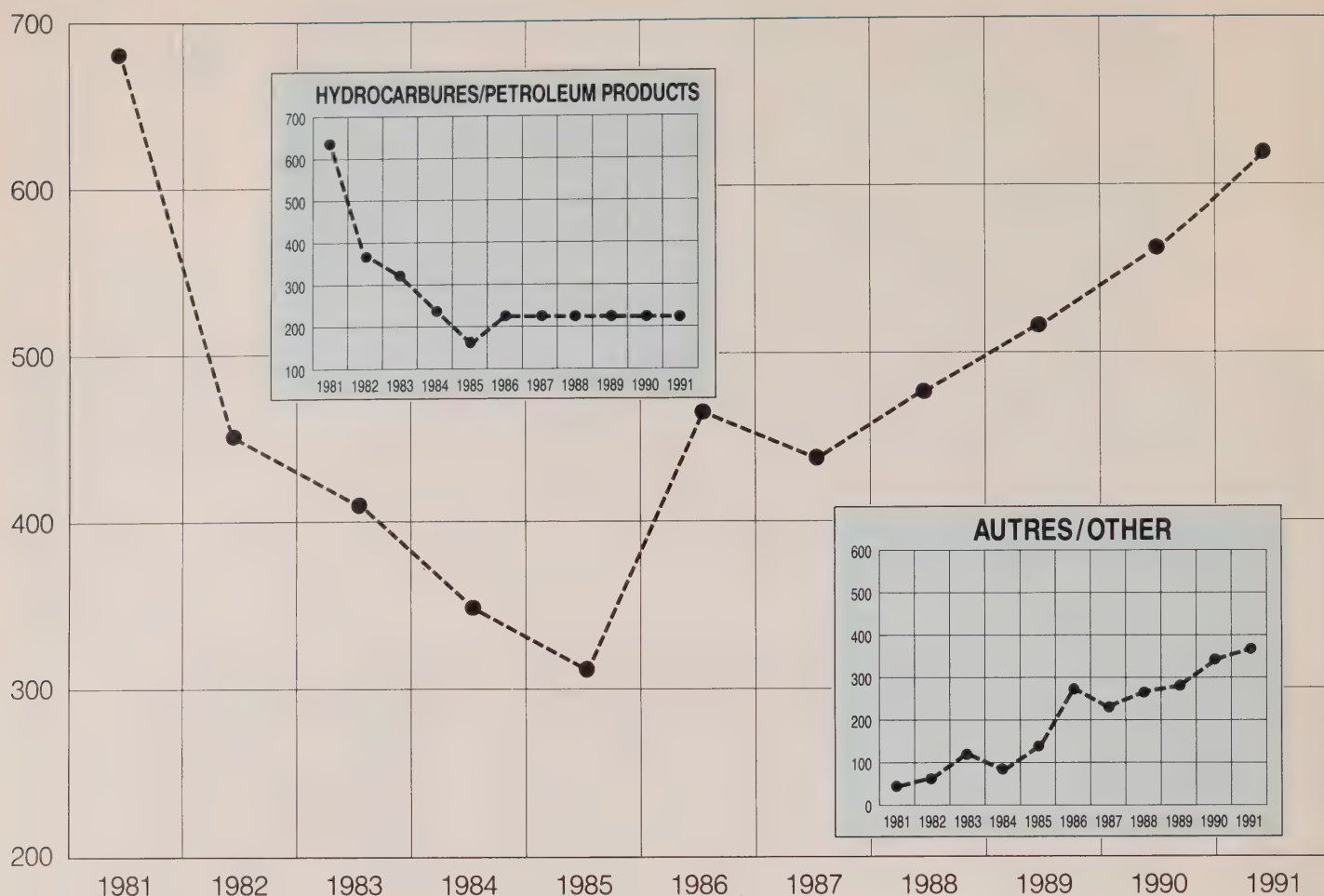
and it receives ships year round. Grande-Anse is a multi-use terminal which handles solid bulk and general cargo. At present, main users are forest companies. The terminal was constructed in 1984-85 to replace existing port infrastructures in Chicoutimi's center-town area. The terminal's remoteness from the urban area and the availability of neighboring land make this site ideal for major industries. Facilities available at this date include a shed of 5,700 square meters, and 5.5 hectares of open storage space. The berth offers a water depth of 14.5 meters and a berthing face of 286 meters.

At this port, shippers and ship-owners have at their disposal all necessary services to conduct international marine business. Inland transportation is ensured by trucking with direct access to the terminal or by rail services provided by CN Rail and Roberval-Saguenay R.R., a few kilometers away. Finally, the most important service available at this port is the experience and enthusiasm of the management team. In summary, the port is capable of handling present needs and those of any new potential client. ⚓

- terminal at Grande-Anse was opened. A
- major portion of this traffic consisted of
- petroleum products.
- The new Grande-Anse marine terminal is
- one of the most modern serving an industrial
- hinterland: 286 meters of wharf, a low-tide
- depth of 14.5 meters, a 5,715-sq.-meter
- shed, 5.5 hectares of storage area and 303
- hectares of level land for port and industrial
- development.
- These changes proved attractive, for by
- 1986, the earlier traffic-increase forecasts
- were being realized. In addition to petroleum
- products from Pointe-à-l'Islet and salt from
- Chicoutimi's downtown wharf, the port
- handled 90,000 metric tonnes of pulp wood,



tonnes (000)



30,000 metric tonnes of metallurgical coal and 7,000 metric tonnes of granite. The volume of salt also increased by 15,000 metric tonnes, and 48,000 metric tonnes of iron ore were transhipped from an ocean-going vessel weighing over 85,000 DWT.

With the addition in 1987 of 32,000 tonnes of lumber and a repetition of the previous year's traffic volume, activities at the Port of Chicoutimi again resemble those of 80 years before. The lengthy hiatus in regional economic activity appears to have ended. In 1988, granite and lumber shipments increased by 100 percent and 34 percent, respectively. Traffic for 1989 will remain stable and lumber traffic appears to have risen by 80 percent from the previous year. Scarcely three years after its opening, the Grande-Anse terminal has enabled the Port of Chicoutimi to reassume its role as a link between international markets and a hinterland highly centered on the exploitation of its natural resources.

In the following years, the port intends to play a leading role within the region in establishing a major industrial plan. In addition, its hinterland offers great potential



- for products that could be shipped through
- the port, which is recognized as a driving
- force in the region's economic development.

- To follow: "Multi-disciplinary management
- style at the Port of Chicoutimi"

• *\*Réjean Dufour is marketing officer, Port of Chicoutimi, Chicoutimi, Quebec.*



# The Fall of An Empire

**T**he number of ocean-going merchant ships on the British register fell below 500 last year for the first time this century. The number of ships over 500 gross tons registered in the UK, Channel Islands and the Isle of Man fell by 24 to 482 including 45 foreign-owned ships. That compares with 3,092 ships in 1950 and a recent peak of 1,682 in 1975. Capacity of the UK fleet fell to 6.5 million tons at the end of 1988 from a peak of 31.5 million in 1975.

The number and tonnage of British-owned ships, some registered abroad, also continue to fall. Ownership fell to 621 ships of 10.6 million tons at the end of 1988 from a peak of 1,614 ships of 30.3 million in 1975.

A report from the UK Department of Transport suggests that decline in the merchant fleet has not yet bottomed although the rate of decline may be slowing. The General Council of British Shipowners says that the position has worsened since the end of last year. It shows 437 ships on the British Registry at the end of June, of which 416 were UK owned. The total of UK-owned ships has fallen further to 601 of 10.2 million tons.

The Council plans to start campaigning for re-introduction of subsidies to encourage shipowners to order new ships. It says the decline in the number of ships has severe implications for the balance of payments, weakens the UK's position in international trade, and threatens the ability of the merchant fleet to meet Britain's obligations to the North Atlantic Treaty Organization. The Council claims that the rate of decline speeded up after withdrawal of capital incentives in the government's 1984 budget. ♪

• *Hugh Quigley*

## Working Together

SAINT JOHN, N.B. — The Saint John Port Corporation and Canadian Atlantic Railway are working together to improve access to the waterfront areas on the west side of the harbour.

The project, which began October 1, 1989, involves the removal and realignment of rail trackage to allow a new access road to be built. The road will provide easier, more efficient access to west side port facilities. In addition, the realignment of the yard, originally built in the 1920s, will allow more room for surfacing and cargo handling.

Canadian Atlantic Railway (CAR) is a business unit of CP Rail and is responsible for the operation of all of CP's lines and assets in New Brunswick, Nova Scotia and Maine. Head office for CAR is located in Saint John. ♪

# Service Goes Live!

**C**ansif Canada Enterprise Inc. recently announced the initiation of electronic data interchange services to streamline the complex paper flow process for the Canadian transportation community. "Services for the air community went live on October 16, 1989, through a national pilot operating initially in Montréal, Toronto, Ottawa, Calgary and Vancouver," said Cansif's vice president Curt Ketchum. "Services for the marine community will be implemented October 30, 1989. This will be followed by services for rail, truck and multi-modal next year."

In total, there will be 23 sites involving 17 major transportation firms operating in Canada.

A key component of the air and marine pilot is the participation of Canada Customs. They are providing electronic Customs Release messages.

EDI substitutes the time consuming and resource-intensive physical movement of

- trade documents such as bills of lading,
- invoices and status requests, with the transmission of computer data over public communication networks, in internationally agreed formats. This can significantly reduce paperwork which accounts for up to 10 per cent of the cost of world trade today. It can also significantly reduce marked delays in the shipment of cargos due to late arrival of import documents and other forms essential to shipment of goods.
- "While other countries have introduced different types of EDI cargo systems, Canada is the first to provide a service on a national basis and one that integrates the different modes into one electronic network," said Cansif president Marcel Mercier.
- "Replacing paper with EDI services provides for many benefits including faster movement of cargo, improved customer service, fewer errors related to shipping information and lower general office costs.
- Savings to individual companies in the

- transportation community and their customers, e.g., the shipper, when switching to EDI will mount impressively as the services are extended to the entire community.
- Cansif's services promise to give Canada a competitive edge."

Cansif's Founding Members include:

- Air Canada
- Canadian Airlines International
- Empire Stevedoring Company Ltd.
- Vancouver Port Corporation
- Livingston Group Inc.
- Asia Pacific Foundation of Canada
- Canadian International Freight Forwarders Association
- Fraser River Harbour Commission

- Cansif's Standard Interchange Facility (SIF) and backbone communications network through which transportation EDI message services are provided, were developed jointly with Transport Data Network International and Transact Data Services Inc. ♪



# LE PORT DE CHICOUTIMI: Une histoire à suivre

par Réjean Dufour\*



C'est lors de son second voyage au Canada que Jacques Cartier découvre le «royaume du Saguenay». Le 1<sup>er</sup> septembre 1535, il jette l'ancre dans la rade de Tadoussac. Cette région que l'on surnommait le «domaine du roi» forme un vaste territoire qui commence à la Côte-Nord du Saint-Laurent, pénètre vers l'intérieur par le majestueux Saguenay et s'étend jusqu'au lac Mistassini. Samuel de Champlain sera le premier à s'y aventurer en 1603 alors qu'il navigue le Saguenay sur 15 lieues et rebrousse chemin. Une rumeur veut que ce territoire renferme des mines de métal jaune.

Soixante ans plus tard, Michel Leneuf de la Vallière découvrira le passage entre la Baie d'Hudson et le Saguenay: «nous arrivons de bonne heure dans un lieu remarquable à Chegoutimis, lieu remarquable pour être le

• terme de la belle navigation et le commencement des portages». <sup>1</sup> C'est à l'embouchure de la rivière Chicoutimi, en 1676, que l'on construit le poste de traite de Chicoutimi qui pendant 10 ans produira plus de fourrure que tout le Canada. C'est le début de la navigation commerciale. Les goélettes jettent l'ancre dans la rade du bassin de Chicoutimi. Ce type de navigation demeura stable jusqu'à l'ouverture du Saguenay à la colonisation en 1838.

• Le nom de William Price s'impose déjà à cette époque. Il ravit à la compagnie de la Baie d'Hudson son contrat de sciage de bois. En association avec un métis du nom de Peter McLoad, il fait construire en 1842 la Scierie de la Rivière du Moulin et en 1844 celle du bassin de Chicoutimi. C'est le début des exportations de bois vers l'Angleterre; on

• charge 20 bateaux dont certains de plus de 27 000 madriers.

• On devra attendre jusqu'en 1873 pour la construction d'une jetée à Rivière-du-Moulin. Les sciures de bois de la scierie du bassin et de la Rivière-du-Moulin encombrèrent le Saguenay. On creuse progressivement un chenal jusqu'à Chicoutimi qui atteint 16 pieds à marée basse. En 1896, des hommes d'affaires de Chicoutimi dont J.E.A. Dubuc ouvrent la compagnie de pâte de Chicoutimi. Cette dernière s'associe en 1915 à la *North American Pulp and Paper Company* et fait faillite en 1924. On entrevoit un avenir prometteur pour un port à Chicoutimi, pour les produits de soufre, de soude et de charbon pour l'industrie papetière de la région, Price, qui est en pleine expansion.



En 1929, il entre 458 navires de gros et faible tonnage, en plus du service de goélettes et de barges. Depuis 1926, l'administration relève de la Commission du Port de Chicoutimi. En 1936, le Conseil des ports nationaux prend la relève. Le port compte à cette époque un quai de 792 mètres de longueur avec une profondeur d'eau de 9,1 mètres à marée basse, un entrepôt de béton, un hangar et 2 590 mètres de voies ferrées. Le port est débordant d'activité. On accueille en moyenne 400 navires par année sur une période de 6 à 7 mois.

Dans les années 1940, le port commence à changer d'orientation; le charbon cède la place aux hydrocarbures, les papetières produisent pour les marchés canadiens et américains et leurs intrants sont acheminés par chemin de fer.

En 1950, on peut dire que le port de Chicoutimi est un terminal d'hydrocarbures. Les aires d'entrepôts sont louées presque en totalité par les pétrolières et certaines construisent leurs propres installations portuaires en aval à Saguenay-Ville. Les prévisions de trafics d'hydrocarbures sont à la hausse et le port inaugure, en 1976 son nouveau quai pétrolier à Pointe-à-l'Islet. Cependant, les normes environnementales se res-

serrent et de nombreuses pressions sont exercées pour que soient relocalisés vers un autre secteur les 43 réservoirs du centre-ville de Chicoutimi.

Les critères de sélection pour un nouveau site sont l'eau profonde, la navigation 12 mois par année et l'éloignement des centres urbains. Ce choix s'arrêtera sur Grande-Anse en aval sur la rivière Saguenay dans la municipalité de Ville de la Baie. À partir de 1981,

les trafics ont chuté radicalement au Port de Chicoutimi. On passe de 700 000 tonnes métriques à 310 000 en 1985, volume composé en majeure partie d'hydrocarbures, année d'ouverture du terminal maritime de Grande-Anse.

Le nouveau terminal maritime de Grande-Anse présente un profil des plus modernes pour desservir son hinterland industriel, 286 mètres de quai, une profondeur d'eau de



PORT DE CHICOUTIMI



PORT DE CHICOUTIMI





PORT DE CHICOUTIMI

14,5 mètres à marée basse, un hangar de 5 715 mètres carrés, 5,5 hectares d'aire d'entreposage et enfin 303 hectares de terrain en plateau pour le développement industrialo-portuaire.

Ces développements sont prometteurs puisque dès 1986, les prévisions de trafic faites auparavant se réalisent. Aux hydrocarbures de Pointe-à-l'Islet et au sel démenagé du quai centre-ville de Chicoutimi s'ajoutent la pâte de bois, 90 000 tonnes métriques, du charbon métallurgique, 30 000 tonnes métriques, du granit, 7 000 tonnes métriques. De plus, le volume de sel a augmenté de 15 000 tonnes métriques et on réalise le transbordement de 48 000 tonnes métriques de minerai de fer d'un navire océanique de plus de 85 000 tonnes de port en lourd.

Avec l'ajout en 1987 de 32 000 tonnes de bois d'oeuvre et la répétition des trafics acquis l'année précédente, les activités au port de Chicoutimi sont à nouveau semblables à ce qu'elles étaient 80 ans auparavant. Ce long divorce avec l'activité économique régionale semble terminé. En 1988, les expéditions de granit ont augmenté de 100 % et celles de bois de 34 %. Pour 1989, les trafics se maintiendront et le bois d'oeuvre laisse croire à une augmentation de 80 % par rapport à 1988. Trois ans à peine après son ouverture, le terminal maritime de Grande-Anse aura permis au port de Chicoutimi de jouer nouveau son rôle de trait d'union entre cette région fortement axée sur l'exploitation de ses richesses naturelles et les marchés internationaux.

## Chicoutimi en survol

**L**e port de Chicoutimi est situé sur la rivière Saguenay, environ 54 milles nautiques en amont du confluent de la rivière Saguenay et du fleuve Saint-Laurent. Bien que situé à l'intérieur des terres, le port a une heureuse et étonnante capacité d'accueil pour les bâtiments de fort tonnage, et peut par exemple recevoir des navires de 150 000 tonnes métriques au terminal de Grande-Anse. Cela tient au fait que la rivière Saguenay est un fjord.

Le port est doté de deux terminaux modernes. Le terminal Albert Maltais, inauguré en 1977, est un quai pétrolier avec un poste d'amarrage. Utilisé par les compagnies pétrolières Petro-Canada, Texaco et Ultramar pour la réception d'hydrocarbures destinés à la consommation de la région du lac Saint-Jean, ce terminal peut accueillir les navires n'excédant pas 10 000 tonnes. La capacité totale d'entreposage des réservoirs dépasse 150 000 mètres cubes. La période de navigation s'étend du mois d'avril à décembre, les glaces imposant la fermeture du terminal au cours des mois d'hiver.

Le terminal de Grande-Anse reçoit par contre des navires à longueur d'année. Ce terminal polyvalent manutentionne du vrac

solide et des marchandises générales. Les principaux clients actuels sont les compagnies forestières. Le terminal a été construit en 1984-1985 en remplacement des infrastructures portuaires du centre-ville de Chicoutimi. Son éloignement de la zone urbaine et la disponibilité adjacente de terrains en font un site privilégié pour la localisation d'industries majeures. Les installations disponibles comprennent un hangar de 5 700 mètres carrés et 5,5 hectares d'espace d'entreposage à ciel ouvert. Le poste à quai offre aux navires une profondeur d'eau de 14,5 mètres et un front d'amarrage de 286 mètres.

L'expéditeur et l'armateur trouvent au port tous les services nécessaires au commerce maritime international. Le transport intérieur est assuré par camion, avec accès direct au terminal, ou par chemin de fer des compagnies CN et Roberval-Saguenay, à quelques kilomètres seulement. Le dernier élément, mais non le moindre, dans la liste des ressources disponibles au port, est l'équipe de gestion expérimentée et dynamique. Somme toute, le port est en mesure de répondre aux besoins actuels et aux attentes de nouveaux clients potentiels. ✚

- industriel majeur. De plus, l'arrière-pensée du
- port offre un potentiel important de produits
- qui pourraient transiter par le port qui, à ce
- titre, est reconnu pour son rôle moteur au
- chapitre du développement économique de
- la région. ✚

• *\*Réjean Dufour est agent de commercialisation au port de Chicoutimi, Québec.*

- *<sup>1</sup>Chicoutimi: la formation de la métropole régionale, par Russel Bouchard et Normand Perron, Société historique du Saguenay, 1987.*



## PORTUS AWARD

### *Reaching for the Stars*

In an effort to stimulate original thinking in maritime research field, *Portus* announced last year the commencement of an annual award. The *Portus* award is an annual prize for outstanding original research and/or studies into one or more aspects of transportation as it relates to ports, nationally and/or internationally. For the 1989 award competition, a total of eight studies were received as follows:

*"L'arrière-pays du port du Havre"*, Jacques Charlier, Université Catholique de Louvain, Louvain-la-Neuve, Belgique;

*"Application of Queuing Theory to Determine Berth Requirements"*, J.S. Christie, University of New Brunswick, Fredericton, N.B.;

*"Moving Prairie Grain to the Soviet Union: Changes Ahead for Canadian Ports?"*, John D. Courtney, University of Washington, Seattle, Washington;

*"Innovative Ship Transfer: The Chignecto Marine Railway"*, M.C. Ircha, University of New Brunswick, Fredericton, N.B.;

*"Roller Compacted Concrete Pavement: A Possible Alternative for Container Terminals"*, Shawn M. Landers, University of New Brunswick, Fredericton, N.B.;

*"Financial and Economic Effects of Vessels Delays"*, Dan MacKenzie, University of New Brunswick, Fredericton, N.B.;

*"Double-Stacking, Minibridging and the East Coast Ports"*, Elizabeth Pugh, University of New Brunswick, Fredericton, N.B.;

*"Marketing Efforts of the Port of Saint John and its Competitors"*, Karen Robichaud, University of New Brunswick, Fredericton, N.B.

A panel of judges reviewed each of the entries and following a collective deliberation, elected not to award any prize. However, the judges deemed that the papers by M.C. Ircha and John D. Courtney were meritorious of an honorary mention. Each of these two entries received a \$1,000 award for the designation. A copy of these studies will appear in forthcoming issues of *Portus*. *Portus* acknowledges the contribution of these papers to maritime research. It is hoped that interest in the field is enhanced through the *Portus* award competition. Once again, *Portus* welcomes new submissions for the 1990 award.

## LE PRIX PORTUS

### *À la recherche de l'inédit*

Afin de stimuler une pensée innovatrice dans le domaine de la recherche maritime, la rédaction de *Portus* introduisait, l'an dernier, le prix *Portus*. Ce prix annuel vise à récompenser la qualité exceptionnelle de recherches et/ou d'études originales, portant sur un ou plusieurs aspects du transport et reliées aux ports nationaux ou internationaux. En tout, huit études ont été reçues dans le cadre du concours de 1989, à savoir:

*«L'arrière-pays du port du Havre»*, Jacques Charlier, Université Catholique de Louvain, Louvain-la-Neuve, Belgique;

*«Application of Queuing Theory to Determine Berth Requirements»*, J.S. Christie, Université du Nouveau-Brunswick, Fredericton, N.-B.;

*«Moving Prairie Grain to the Soviet Union: Changes Ahead for Canadian Ports?»*, John D. Courtney, University of Washington, Seattle, Washington;

*«Innovative Ship Transfer: The Chignecto Marine Railway»*, M.C. Ircha, Université du Nouveau-Brunswick, Fredericton, N.-B.;

*«Roller Compacted Concrete Pavement: A Possible Alternative for Container Terminals»*, Shawn M. Landers, Université du Nouveau-Brunswick, Fredericton, N.-B.;

*«Financial and Economic Effects of Vessels Delays»*, Dan MacKenzie, Université du Nouveau-Brunswick, Fredericton, N.-B.;

*«Double-Stacking, Minibridging and the East Coast Ports»*, Elizabeth Pugh, Université du Nouveau-Brunswick, Fredericton, N.-B.;

*«Marketing Efforts of the Port of Saint John and its Competitors»*, Karen Robichaud, Université du Nouveau-Brunswick, Fredericton, N.-B.

Après mûre délibération sur chacun des articles, le jury a convenu de n'adjuger aucun prix. Il a cependant décidé de décerner une mention honorable à MM. M.C. Ircha et John D. Courtney, qui recevront chacun la somme de 1 000 dollars en récompense. Leur article paraîtra dans l'un des prochains numéros de *Portus*, en reconnaissance de leur contribution à la recherche maritime. La rédaction espère que le prix *Portus* servira à susciter davantage d'intérêt en ce domaine, et se prépare déjà à recevoir de nouveaux articles pour l'édition 1990 du prix.



# CANADIAN TRANSPORTATION

## A Ministerial Perspective

*Extracts from an address by Hon. Shirley Martin, Minister of State (Transport), to the Annual Convention of American Association of Port Authorities, Tampa, Florida.*

**I**t gives me great pleasure to be able to join you here in Tampa at the 78th annual meeting of the AAPA.

The AAPA provides a strong voice for American ports in Washington. It is also extremely valuable to Canadian members as a forum for the exchange of experience and expertise as well as a window into American developments.

And I am particularly pleased to be with you today to congratulate your next Chairman, Dominic Taddeo, the first Canadian Chairman of the AAPA since 1978.

I am sure he will do an excellent job on your behalf. I believe it was in 1986 when my predecessor, Mr. Bissonnette spoke to you in Miami.

Much has happened since that time. Much has changed. Today, I would like to focus on three of these changes.

Changes in Canadian transportation. Changes in international trade; and changes in our attitude towards the environment.

Historically the regulation of our transportation system has played an important role in Canada's economic development. It had ensured the provision of adequate services when our markets were simply too weak and under-developed to reply on competition. But by the 1980s our transportation industry had expanded and matured. In fact, our regulatory structure had become an obstacle rather than a help to our ability to compete at home and abroad.

And international competitiveness is crucial to Canada's future. International trade has been vital to Canada's economic health since its first settlement and exports remain essential to our growth and prosperity. The reality which we face is a large land mass, hence, transportation costs tend to be higher than in most competing nations.

If we were to compete abroad, we had to minimize the cost of transportation through fundamental regulatory reform. That is what we have now achieved in our country through our new *National Transportation Act* — a fundamental reform based on the principles that:

- transportation safety must be the first priority;
- transportation exists to serve the needs of shippers and travellers;
- whenever practicable, market forces rather than government should determine what services are provided and at what price;
- in some cases, the public interest will continue to require that services be provided

- to disadvantaged areas of Canada; and
- whatever regulatory process remains should be open, accessible and neither excessively costly nor time-consuming.
- This greater reliance on market forces and local control was consistent with the ports policy we have been following during the 1980s. A policy based on national supervision of local initiative.
- This new approach — greater local autonomy and self-sufficiency within a national system — has injected a new sense of economic responsibility and management philosophy in running efficient ports. There



- is increased opportunity for local decision-making and planning, and our ports are contributing in a major way to their local economies through job creation, the support of local and regional industry and business.
- As a coastal nation, ports have always been in the forefront of economic development in Canada. Consistent with this national role, our ports have always been primarily a federal responsibility, through the ownership of waterlots in the port area.
- The operating system for ports differs from country to country and our own Ports Canada system is unique.
- There are 600 ports in Canada engaged in the handling of domestic and/or foreign traffic. 576 are managed directly by the Department of Transport, of the remaining 24, nine are autonomous Harbour Commissions and 15 are under the direct control of Canada Ports Corporation.

- In 1983, the Canada Ports Corporation was formed to create separate, autonomous local port corporations for those commercial ports which were under government control. As a result, we now have seven local port corporations in our key ocean ports of Halifax, Montréal, Prince Rupert, Québec, St. John's, Saint John and Vancouver and the Canada Ports Corporation retains responsibility over the so-called divisional ports which have not yet achieved port corporation status.

- To promote accountability, the local port corporations are now required to achieve financial self-sufficiency. Run on a purely commercial basis, proposed new investments are assessed on the basis of incremental traffic. What we seek are the right facilities, at the right time, based on real needs.

- We believe a desirable balance has been achieved between greater efficiency and managerial control. When the system is used appropriately, Canada now has the best of both worlds and our ports are going to have to be as efficient and innovative as possible to meet increased competition.

- The diversion of central Canada's containerized cargo over US ports has local, national and international implications for Canada. The economic impact on Canadian ports located on the west and east coast is considerable. The use of larger container ships requiring fewer port calls has concentrated traffic near major market areas. Proximity to US ports on both coasts and highly developed inland transportation have increased competition for Canada's container ports. This competition must be monitored closely by Canadian ports.

- If freedom to move and local ports autonomy are keys to Canadian competitiveness, another is freedom to trade. The Canada-US free trade agreement, which took effect last January, holds enormous economic potential for both our countries.

- This landmark agreement not only eliminates the remaining bilateral tariffs on goods; it breaks new ground in the areas of services, investment and the temporary movement of people.

- Unfortunately, it did not break new ground in transportation services.

- As many of you know, Canadian negotiators sought reciprocal cabotage rights in the air, marine, truck and bus modes during the trade negotiations. While we believed that Canadian operators in all modes would fare well, it was in marine and air where we thought Canadians could make the greatest



gains, since they are the most protected sectors.

However, the American side refused reciprocal cabotage in the marine mode, and so made a "rollback" transportation agreement impossible.

The Canadian and American negotiators then considered a more limited transportation agreement that would permit existing rules to continue but bar future protectionism.

Regrettably, we were unable to reach agreement on a more limited approach, so in the end, there was no transportation agreement. The free trade agreement does commit both Canada and the United States to endeavour to extend free trade into additional service sectors. We hope that in the future it will be possible to address transportation services.

Although carriers were disappointed by the lack of a free trade agreement, they are not distraught. They recognize the benefits

- of free trade for their customers — benefits
- which will mean increased demand for their
- services in any event.
- Demand for transportation services will
- rise as a result of increased overall freight
- and passenger flows, both across the border
- and across the country.
- Freight volumes should rise as more
- exports and imports result from falling tariffs
- and the reduction of non-tariff barriers. We
- see tremendous benefits for trucking, given
- its primary role in transporting consumer
- and intermediate products.
- Passenger transportation should increase
- through the operation of the tourism annex
- and the temporary entry chapter of the free
- trade agreement.
- All modes of transportation should benefit
- from the economic impetus of free trade.
- Insofar as American transportation is
- concerned, consider these facts.
- In 1988, our two-way trade totalled \$176

- billion Canadian.
- We trade more with each other than the
- US trades with Japan; or with Britain,
- France, West Germany and Italy combined.
- We are also your number one opportunity
- for expanded trade. Between 1981 and 1988,
- US exports to Canada grew twice as fast as
- US exports globally and Canada-US trade is
- also quality trade — trade in value-added,
- manufactured goods.
- On a per capita basis, Canadian imported
- over ten times more American manufactured
- goods than either the Japanese or European
- in 1988.
- But the agreement is not only good for our
- continental trade. It is also good for our
- trade with the world.
- It creates precedents for global action in
- the current Uruguay round of negotiations.
- And it strengthens both our economies, so
- our shippers can better compete in-foreign
- markets.

## Hon. Shirley Martin

Born in Hamilton, Ontario, Nov. 20, 1932, Shirley Martin was re-elected to the House of Commons on Nov. 21, 1988. She was first elected in 1984, representing the Niagara Peninsula riding of Lincoln.

Mrs. Martin was appointed to Cabinet as the Minister of State (Transport) Sept. 15, 1988. Prior to receiving her Cabinet portfolio, she was appointed Parliamentary Secretary to the Minister of Public Works October 21, 1987.

She also served concurrent terms as vice-chairperson of the Progressive Conservative national caucus and secretary-treasurer of the PC Ontario caucus from 1984 to 1988. In 1985-86, she was chairperson of the Special Committee on Child Care. She has also served on the standing committees on Finance and Employment and Immigration, having served as vice-chairperson of the latter.

Mrs. Martin served as Canada's principal delegate to the 40th United Nations General Assembly in October-December 1985.

Prior to her involvement in public life, Shirley Martin had a successful 37-year career with Bell Canada. She held a series of management positions with the company in Hamilton, 1947-59; Toronto 1959-1972; and St. Catharines, 1972-1984. These included assistant manager long distance service, traffic manager, management development supervisor, manager of PBX engineering and business services manager. ♣

## L'honorable Shirley Martin

Née à Hamilton (Ontario) le 20 novembre 1932, M<sup>me</sup> Shirley Martin a été réélue à la Chambre des communes le 21 novembre 1988. Elle avait été élue pour la première fois en 1984 dans la circonscription de Lincoln (péninsule du Niagara).

M<sup>me</sup> Martin est entrée au Cabinet à titre de ministre d'État aux Transports le 15 septembre 1988. Avant d'obtenir ce portefeuille, elle avait été nommée secrétaire parlementaire du ministre des Travaux publics le 21 octobre 1987.

Elle a aussi cumulé les fonctions de vice-présidente du caucus national du Parti progressiste-conservateur et de secrétaire-trésorière du caucus ontarien du PC de 1984 à 1988. En 1985 et 1986, elle a assuré la présidence du Comité spécial sur la garde d'enfants. Elle a aussi fait partie du Comité permanent des finances et du Comité permanent de l'emploi et de l'immigration, comité dont elle a été vice-présidente.

M<sup>me</sup> Martin a aussi été déléguée principale du Canada à la 40<sup>e</sup> Assemblée générale des Nations Unies, d'octobre à décembre 1985.

Avant son entrée dans la vie publique, M<sup>me</sup> Martin a fait carrière pendant 37 ans à Bell Canada. Elle a occupé plusieurs postes de gestion au sein de cette société à Hamilton (1947-1959), à Toronto (1959-1972) et à St. Catharines (1972-1984). Elle a été, entre autres, gestionnaire adjointe du service interurbain, gestionnaire du trafic, surveillante à la formation générale des cadres, gestionnaire des services techniques et gestionnaire des services d'affaires. ♣

So far, I have concentrated on Canadian transportation reforms and the free trade agreement, two initiatives to help us compete and prosper in the global economy.

If I may, I'd like to briefly discuss another challenge — the challenge of cooperating to preserve the global environment.

As we all know, the Exxon Valdez tragedy has brought home the fragility of the marine environment.

The preservation of the environment has gained increasing importance with governments around the world — and transportation authorities are no exception.

In Canada, our ports are following rigid environmental standards set by the federal

- minister of the environment.
- Major project proposal must provide for a
- full environmental assessment.
- A thorough review of our tanker safety
- and emergency response capabilities is under
- way.
- Our port authorities are reviewing their
- contingency plans for marine accidents.
- And we amended the *Canada Shipping Act*
- in 1987.
- These amendments enhanced safety at sea,
- improved measures for pollution prevention,
- improved the regime of civil liability for oil
- pollution damage and enabled Canada to
- accede to a number of international maritime
- conventions.

- Obviously, all countries must continue to
- improve their environmental practices. But
- I believe Canada has made environmental
- progress since 1984; and we are determined
- to do even better in the future.
- So those are three changes in Canada since
- 1986:
- More freedom to move. More freedom to
- trade. But less freedom to act recklessly or to
- abuse the natural environment.
- And with increased competitiveness in the
- global economy and increased cooperation to
- preserve the environment, I am confident
- that our countries will not only survive, but
- thrive in the years ahead. ♣



# L'aluminium : la promesse de l'abondance

## Le consortium Alouette lance son projet

SEPT-ÎLES, Québec — Les six partenaires de l'Aluminerie Alouette inc. ont procédé récemment à la signature officielle du protocole de construction de l'Aluminerie Alouette qui sera érigée à Pointe-Noire près de Sept-Îles, au coût total de 1,1 milliard de dollars canadiens. Lorsqu'elle sera en exploitation en 1992, l'aluminerie Alouette créera 600 emplois directs.

En présence du premier ministre du Québec, M. Robert Bourassa, du ministre des Transports du Canada, M. Benoît Bouchard, du maire de Sept-Îles, M. Jean-Marc Dion et de nombreux autres dignitaires et invités participant de près ou de loin au projet, la cérémonie a permis aux représentants des partenaires du projet de signer officiellement le protocole de construction: Robert Ehrlich, président, Austria Metall A.G., d'Autriche, J.P. Van Duijne, président, Hoogovens Aluminium, des Pays-Bas, Shigeru Oda, représentant de Kobe Steel, du Japon, Michio Hara, représentant de Marubeni, du Japon, Louis-Gilles Gagnon, vice-président de la SGF et Jochen Schirner, président du conseil de VAW Vereinigte Aluminium-Werke, de la RFA.

Chacun de ces partenaires détient une participation de 20 pour cent à l'exception de deux partenaires japonais, Kobe et Marubeni, qui détiennent conjointement 20 pour cent.

C'est à la Société générale de financement du Québec que revient l'initiative d'avoir entrepris les études de faisabilité du projet Alouette, d'avoir choisi le site et réuni les six partenaires, lesquels sont tous de taille importante et bien établis dans l'industrie mondiale de l'aluminium.

À ce jour, le consortium Alouette a déjà négocié avec Hydro-Québec le contrat d'électricité prévoyant la livraison de 360MW à compter d'avril 1992 et, s'il décidait de construire une deuxième série de cuves, une livraison de 360MW additionnels en avril 1995.

Outre les infrastructures portuaires et un centre administratif, les installations de l'aluminerie comprendront l'usine de fabrication et de cuisson des anodes et de scellement des cathodes, deux halls d'électrolyse, une fonderie où seront produits des lingots-T, des plaques de laminage et des billettes d'extrusion et plusieurs centres d'épuration des gaz. À noter que les investissements consentis pour la protection de l'environnement sont de l'ordre de 75 millions de dollars canadiens et permettront à l'aluminerie de satisfaire aux normes de contrôle les plus sévères.

Par ailleurs, le consortium a déjà annoncé avoir passé un accord avec la société française Pechiney pour l'acquisition de la technologie de fabrication de l'aluminium primaire. Connue sous le vocable AP-30, cette technologie utilise une intensité de courant de 300 000 ampères pour alimenter en énergie les 264 super-cuves qui seront construites dans le cadre de la première phase. Il s'agit d'une nouvelle conception qui représente une optimisation de toutes les technologies d'électrolyse disponibles et éprouvées par Pechiney.

L'échéancier prévoit que les travaux de préparation du site démarreront ce mois-ci et que la construction de l'usine commencera en avril 1990. La première livraison de matières premières doit s'effectuer en novembre 1991 tandis que le démarrage de la première cuve est prévu en avril 1992. Selon les prévisions, la mise en exploitation complète de la Phase I doit se réaliser en octobre 1992. Au terme de ce cheminement, la construction de toutes les installations de l'aluminerie Alouette représentera du travail direct pour environ 7 millions d'heures-hommes.



L/G: M. Louis-Gilles Gagnon, M. J.P. Van Duijne, M. Shigeru Oda, M. Robert Ehrlich, M. Michio Hara, M. Jochen Schirner

## Une aluminerie à Sept-Îles

SEPT-ÎLES, QUÉBEC — Le 1<sup>er</sup> septembre dernier, le premier ministre du Québec, M. Robert Bourassa, s'est rendu à Sept-Îles pour annoncer l'un des plus importants projets d'investissement en capital étranger jamais réalisé dans toute l'histoire du Québec, soit la construction de l'aluminerie du consortium Alouette. Le projet comporte deux étapes dont une première qui se chiffre au-delà de 1,1 milliard de dollars et qui comprend l'érection d'une usine d'une capacité de 215 000 tonnes métriques de produits finis par année. La mise en chantier a débuté le 5 septembre 1989 et l'échéancier final est prévu pour octobre 1992. La seconde étape doublera la capacité initiale et la portera à 430 000 tonnes, pour un investissement total excédant 2 milliards de dollars.

La direction du port de Sept-Îles travaille d'arrache-pied sur ce dossier depuis près de deux ans, et ses efforts sont enfin récom-

pensés. Nombreux sont les avantages que le port tirera à ce chapitre, en ce sens que le projet jette les bases d'un développement industrialo-portuaire très convoité qui consolidera l'avenir du port à long terme.

En terminant, mentionnons que le consortium Alouette est formé de six partenaires soit la Société générale de financement du Québec, VAW Aluminium Canada, Hoogovens Aluminium Québec inc., Aluminium Austria Metall Québec, dont chacun possède 20% des parts, et enfin Kobe Aluminium Canada inc. et Marubeni Québec inc., se partageant respectivement 13,33 et 6,67% des parts. À noter que les investissements portuaires originant du gouvernement fédéral seront d'environ 90 millions de dollars et comprendront des équipements de manutention et d'entreposage, un terminal pour traversier-rail et des infrastructures de service.





## The Era of Opulence . . . and Aluminum *Partners Launch Construction*

SEPT-ÎLES, QUEBEC — The six partners of Aluminerie Alouette Inc. officially launched construction of the Alouette aluminum smelter at Pointe Noire, near Sept-Îles.

The total cost of the smelter is estimated at \$1.1 billion. When it becomes operational, in 1992, it will provide direct employment for 600 people.

Present at the signing were Robert Bourassa, premier of Quebec; Benoît Bouchard, federal minister of transport; Jean-Marc Dion, mayor of Sept-Îles; and many others who contributed directly and indirectly to making the project a reality.

The signers were Robert Ehrlich, president of Austria Metall A.G. of Austria; J. P. Van Duijne, president of Hoogovens Aluminium of the Netherlands; Shigeru Oda, representing Kobe Steel of Japan; Michio Hara, representing Marubeni of Japan; Louis-Gilles Gagnon, vice president of Société générale de financement du Québec; and Jochen Schirner, chairman of the board of VAW Vereinigte Aluminium-Werke of West Germany.

- Each of the partners owns 20 percent of the smelter, with the exception of Kobe and Marubeni of Japan, who together hold a 20 percent share.
- SCG, the Quebec partner, was responsible for initiating the feasibility studies, selecting the location and bringing together the six owners. The partners are all major aluminum producers, well established in the international industry.
- The consortium has negotiated a power supply agreement with Hydro-Quebec, providing for delivery of 360 megawatts of electricity beginning in April 1992. If the Phase II expansion goes ahead, an additional 360 megawatts will be delivered beginning in April 1995.
- The smelter complex will include port facilities, an office building, an anode baking and cathode rodding shop, two giant pot-room buildings, a casthouse producing T-ingot, sheet ingot and extrusion billets, and a series of high-efficiency environmental control facilities. Approximately \$75 million will be invested in environmental protection

## More Good News . . .

SEPT-ÎLES, QUEBEC — On September 1, 1989, the premier of Quebec, Robert Bourassa was in Sept-Îles to announce one of the most important projects in Quebec's history involving foreign capital. The construction of an aluminum smelter by the consortium *Alouette* will be achieved in two phases. The first phase, at a total cost of \$1.1 billion, will have a capacity of 215,000 tonnes per year of finished products. The construction started, as scheduled, on September 5, 1989, and should be completed by October 1992. The second phase will double the initial capacity bringing it to 430,000 tonnes, for a total investment of over \$2 billion.

In the past two years, the Port of Sept-Îles has spared no effort to lure this project to the port. The project provides numerous benefits for the port as it will serve as the basis of an industrial park area, giving the port much needed financial viability in the long run.

The consortium is made up of six partners, namely: *La Société générale de financement du Québec (SGF)*; *VAW Aluminium Canada*; *Hoogovens Aluminium Quebec Inc.* and *Aluminium Austria Metal Quebec*; with 20 percent each, and two Japanese partners totalling 20 percent, *Kobe Aluminium Canada Inc.* at 13.33 percent and *Marubeni Quebec Inc.* at 6.67 percent.

It should be noted that the port's infrastructure provided by the government of Canada will total some \$90 million and will comprise handling and storage facilities, road and services and a rail car ferry terminal.

alone and the smelter will meet the strictest environmental standards.

Under a previously announced agreement with Pechiney of France, the Alouette consortium will acquire that company's aluminum smelting technology. The AP-30 technology, as it is called, will use an electric current of 300,000 amperes to power the 264 "superpots" to be installed in Phase I of the smelter. This new conception draws on and optimizes the full range of available aluminum technologies developed and proven by Pechiney.

Site preparation work begins this month and construction will get under way in April 1990. The first raw materials are scheduled for delivery in November 1991 and the first pot will be powered up the following April. Completion of Phase I is scheduled for October 1992. The total construction project will create approximately 7 million person-hours of employment.



# US COAST GUARD 200 Years Old



US COAST GUARD



US COAST GUARD

**I**t was an hour before dawn. The tiny vessel, lights off, sneaked through the early morning fog along the North Carolina coast. The captain and his mate, guns at their sides, sped under the cover of darkness, hoping to escape detection of their illegal cargo. The highly sought intoxicants, stashed in the hull of their modest vessel, would earn top dollar.

The Coast Guard had been tracking the smugglers' vessel for nearly two hours, waiting for the right moment to act. Just before sunrise, the Coast Guard cutter made

its move. In just a few minutes, the boat was stopped and boarded, the smugglers taken into custody, and the illegal shipment — twenty cases of rum — handed over to authorities for disposal.

The above scenario was one of hundreds carried out by the Coast Guard during the

prohibition days of the Roaring 1920s.

Today, marijuana has replaced moonshine, but the Coast Guard continues its law enforcement, military readiness and maritime services as it has for the past 200 years.

It all began on August 4, 1790. At the request of Secretary of the Treasury Alexander Hamilton, Congress authorized the construction of 10 revenue cutters to stop smugglers trying to evade payment of import taxes.

This gave birth to the Coast Guard and earned Hamilton the title of father of the



service. Revenue cutter sailors not only put a stop to smuggling, they did much more. They battled pirates and privateers, and protected Americans against disease by enforcing quarantine laws.

As the country grew larger and more heavily armed, cutters were needed. They were built just in time to fight in the new nation's first war — the Quasi-War with France (1797-1801). In the 1800s, revenue cutter sailors fought bravely in the War of 1812, the Mexican War, the Civil War and the Spanish-American War. For instance, in the War of 1812, the revenue cutter *Vigilant* captured the British privateer *Dart*, which had seized nearly 30 American vessels.

Revenue cutters fought on both sides of the Civil War, this country's most brutal and divisive conflict. The revenue cutter *Harriet Lane* opened the Civil War's naval conflict, when it fired the first maritime shot at the steamship *Nashville* in Charleston Harbour.

A revenue cutter rescue at Cardenas Harbour, Cuba, was one of the most dramatic incidents in the Spanish American War in 1898. While under fire from shore, the revenue cutter *Hudson* helped the damaged *USS Winslow* and towed it to safety.

In 1831, revenue cutters helped to establish the authority of the federal government by assisting Charleston Harbour custom agents to collect a federal sugar tax after the state refused to do the job.

In the 1800s, the Life Saving Service and the Bureau of Navigation and Steamship Service were formed, and became key to the service's safety mission. They eventually joined the Revenue Cutter Service and the Lighthouse Service to form today's US Coast Guard.

The Bureau of Navigation and Steamship Service, formed in 1838 after a series of spectacular steamship explosions, developed into the regulatory arm of the Coast Guard. Revenue cutter sailors inspected ships both at sea and at the dock.

Federal lifesaving stations were first built in 1848 and

- daring surfmen carried out countless
- legendary rescues. For instance, in 1889,
- Ramus Midgett single-handedly waded
- through the treacherous surf of North
- Carolina's Outer Banks to rescue all 10
- passengers and crew from the barkentine
- *Priscilla*. Ramus even saved the ship's dog.
- Preventing accidents before they happen
- has been a key mission of the US Light-
- house Service, which later joined the Coast
- Guard. Lighthouse keepers have guided
- ships into the nation's harbours since
- colonial times.

- The Coast Guard's environmental respon-
- sibilities also have a long history. Beginning
- in 1890, the revenue cutter *Bear* introduced
- a herd of reindeer to Alaska to help supple-
- ment the Eskimos' food supply. The Inter-
- national Ice Patrol was established after the
- sinking of the *Titanic*, and today, Coast
- Guard aircraft still patrol the busy fog-
- shrouded, ice-laden waters between the
- United States and England.

- The modern Coast Guard began in 1915
- when the Revenue Cutter Service and the
- Lifesavings Service merged and took the

name Coast Guard. The Lighthouse Service joined in 1939. The Bureau of Navigation and Steamship Inspection Service joined in 1942.

Two years after the 1915 merger, America entered World War I. The Coast Guard once again set sail to defend the nation. During the Roaring 1920s, Coast Guardsmen battled the rum runners. With less than whole-hearted support from the nation, the service engaged in a sometimes deadly cat-and-mouse war with the smugglers of spirits.

During World War II, the Coast Guard underwent its greatest expansion, growing to 240,000 members. The vast majority were reservists. The Coast Guard played a vital role in the North Atlantic convoy duty and landed soldiers and marines on the beaches during every major amphibious operation. Signalman First Class Douglas Munro, who lost his life rescuing a company of marines at Guadalcanal, was awarded the Medal of Honour. He was the only Coast Guardsman so honored.

By the end of World War II, the Coast Guard was a true multimission service. It broke ice, marked rivers, helped with flood relief, and continued ocean patrols helping ships and planes in distress and providing vital weather information.

Ice operations expanded after the war. In 1957, the cutters *Storis*, *Bramble* and *Spar* began Arctic ice operations by crunching through the Northwest Passage. This proved that

## New Signaling Equipment Will Speed Rescue of Offshore Boaters

WASHINGTON, D.C. — A Miami couple who recently spent 66 days adrift on a life raft in the Pacific after their sailboat sank would have been spared much of their ordeal by new electronic signaling equipment that will become available within a few months.

William and Simone Butler were en route to Hawaii from Miami via the Panama Canal when their 38-foot sailboat was sunk June 15, 1989, apparently by whales, 1,200 miles west-southwest of Panama. They boarded a small life raft and battled shark attacks and hunger until they were rescued by the Costa Rican coast guard on August 19, 1989, 13 miles off the Costa Rican coast.

The Butlers carried an Emergency Position Indicating Radio Beacom (EPIRB), as do tens of thousands of other boaters and merchant vessels. The US Coast Guard rescues approximately 250 sailors a year with the help of EPIRBs, but the system has shortcomings that will be remedied by the new equipment.

EPIRBs are relatively inexpensive devices that, when activated, transmit radio signals that are picked up by orbiting satellites, and by commercial and military aircraft.

Current EPIRBs transmit on busy frequencies shared by aircraft radio transmission. Design problems often cause EPIRBs to accidentally transmit a false alarm, which further tangles the system.

Another problem is that when a satellite receives a distress signal from the older EPIRBs, it must immediately be retransmitted to one of 15 ground stations worldwide. These satellites do not have storage capability for these signals. If a ground station is not within view of the satellite, the distress signal is lost. The Butlers' sailboat sank in an area far from the nearest ground station and away from heavily traveled air corridors. Even if a satellite had received their signal, it could not have passed it to a ground station.

The new system, nicknamed the "406", uses a special frequency, 406.025 megahertz, reserved for the system. Signals from the 406 EPIRBs can be stored aboard the satellites, giving this system true global coverage.

In addition, it provides rescuers with important information. Each 406 EPIRB transmits a signal that identifies its owner. When a mariner purchases a 406 EPIRB, it is registered to that owner, and information about the owner and the vessel is stored in the National Oceanographic and Atmospheric Agency's computer.

There are currently about 80,000 US users of the old EPIRB system. That system will continue in operation for the foreseeable future. The new EPIRB will soon become required equipment on certain commercial vessels, especially those that ply offshore waters.

The old transmitters remain well-suited for coastal waters and in areas of heavy air traffic. But boaters venturing far from shore or into remote areas not covered by the old system would be well-advised to consider investing in the 406 EPIRB system.

The new EPIRBs cost two to three thousand dollars a piece compared to a few hundred for the older models. But the price is expected to drop as production and demand increase. ♪



ships that were building the Distant Early Warning Line, a series of radar stations, could escape to the east if necessary.

Coast Guardsmen fought on foreign shores once again, during the Vietnam War, to block the enemy's seaborne supply routes. With Coast Guard cutters patrolling, a small wooden sampan had only a 10 percent chance of getting through. A steel-hulled vessel had no chance at all.

- During the 1970s, a series of oil tanker disasters led to an expansion of the Coast Guard's marine safety mission. The Coast Guard created Pollution Strike Teams and greatly increased the ship inspection and pollution monitoring programs.

- The 1980s opened with a non-stop search and rescue case — the Cuban boat lift. More than 225,000 Cubans jammed into boats of every conceivable size, shape and condition

- and fled Cuba for the United States. Many had to be rescued.

- In 1980, Coast Guard pilots assisted by US Air Force and Canadian pilots carried out one of the most dramatic helicopter rescues in history. When the cruise ship *Prinsendam* caught fire off the coast of Alaska, helicopters flew to the limit of their range and saved all of the more than 500 passengers and crewmen.





The Coast Guard Auxiliary has been a vital part of the service's safety mission. Since it was formed in 1941, the Auxiliary has taught boating safety courses to thousands of people, conducted countless courtesy boat safety inspections and assisted the Coast Guard with search and rescue efforts.

The Coast Guard was started as a law enforcement agency and in the 1980s the service is still at it. The Coast Guard

US COAST GUARD



## Mini-History 1790-1990

Maritime safety, military readiness and law enforcement are the cornerstones of missions for today's US Coast Guard. However, these cornerstones were not immediate but developed as the nation grew. On August 4, 1790, Congress authorized the construction of ten vessels and began the Revenue Cutter Service. Thus, the "Coast Guard" was born to enforce customs and tariffs on maritime commerce. They battled pirates and privateers as well as smugglers and enforced quarantine laws proving their military capabilities.

As the country grew, more cutters joined the fleet in time to fight in the first war of the new nation—the Quasi-War with France. In the 1800s, the Revenue Cutters fought in the War of 1812, the Mexican War, Civil War, and the Spanish American War. As an historic fact, the Coast Guard has fought in every major war of the nation, including Vietnam and the Grenada expedition.

In those same 1800s, the Bureau of Navigation and Steamship Inspection Service and the Life Saving Service were formed. Later, the Life Saving Service would join with the Revenue Cutter Service (1915) to form what was then named "US Coast Guard".

In 1939, the Lighthouse Service, whose origins preceded the Revenue Cutters formation, would become part of the Coast Guard. And in 1942, the Bureau of Navigation and Steamship Inspection would also be absorbed into the Coast Guard.

By the end of World War II, the Coast Guard was a true multi-mission Service.

On the Great Lakes and on the rivers, the Service breaks ice, marks channels and helps with floods. Ocean patrols become a major mission from 1940 through 1976. These helped ships and planes in their navigation and they gathered weather information which was vital for our coastal regions, as well as providing search and rescue assistance.

During the seventies, a series of oil tanker disasters expanded the Coast Guard's Marine Safety mission. Oil Pollution Strike forces were created within the Service to fight these spills. In the 1980s, several dramatic cases emphasized the Service's professionalism. During the Cuban boat lift in the early eighties, over 225 thousand Cubans were assisted by the Coast Guard in their attempts to reach the United States. The Coast Guard and Canadian helicopter pilots helped save over 500 passengers from the Cruise Ship *Prinsendam*, without any injuries or loss of life.

Today, the Coast Guard is fighting drugs, protecting fisheries, fighting pollution, maintaining aids to navigation—both short range involving buoys, markers and lights and long range electronic navigation like Loran-C and Omega transmitting stations. Protecting ports and waterways, breaking ice, continue to be missions.

Search and Rescue remains constant with over 70,000 responses to calls for help a year and an average of 5,000 lives saved per year. At the same time, the Coast Guard maintains its defense readiness capabilities. ‡



US COAST GUARD

- enforces fisheries laws in the frigid New England and Alaskan waters and stops illegal migration in southern waters.
- Stopping entry of illegal drugs is the Coast Guard's largest law enforcement mission today. The Coast Guard has intercepted thousands of cargoes of marijuana and cocaine.

- And, as it has been throughout history, the Coast Guard is still the guardian of our nation's maritime interests. Today, the Coast Guard is America's lead maritime agency. It enters its third century as a vibrant multi-missioned organization ready to serve the nation wherever needed. ‡



# Labor Pact Reached

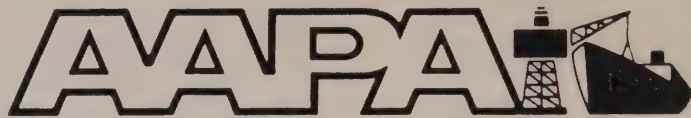
VANCOUVER, B.C. — The Vancouver Port Corporation (VPC) and Local 517 of the International Longshoremen's and Warehousemen's Union (ILWU) have ratified a new three-year collective agreement giving employees wage increase of \$1.10 per hour in the first year, \$1.05 per hour in the second, and 5.5 percent in the third. The contract covers the period from June 1, 1988 to May 31, 1991.

The wage package is similar to those agreed to recently by other ILWU locals, and is in line with other recent public sector contract settlements.

Also provided for in the new contract are increases in employer contributions toward medical, dental and disability insurance plans, as well as the introduction of an extended health plan.

Port Manager and CEO Francis MacNaughton, praised the patience and professionalism of both union and management throughout the bargaining process, and for pursuing a settlement without disruption. "In the end, we achieved a fair deal without outside intervention," he said. "News of this settlement will be received very positively by our customers — both here in Canada and abroad."

VPC employs some 115 unionized staff in finance, legal, administration, real estate, operations, planning, engineering, maintenance, marketing, communications and Harbour Master departments. ‡



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## «CANADA-USA: PARTNERSHIP IN TRADE AND TRANSPORTATION»



First joint conference organized by Ports Canada,  
ICHCA-Canada and ICHCA-USA

WESTIN HOTEL  
OTTAWA, CANADA  
SEPTEMBER 25-27, 1990



### THE CONFERENCE

In a landmark decision, Ports Canada and the two North American national ICHCA chapters (ICHCA-CANADA and ICHCA-USA), have agreed to pool efforts in holding the first-ever jointly-sponsored business conference. The two-day conference will be held in Ottawa, Canada's national capital, on September 25-27, 1990, a spectacular time of the year. The Westin Hotel, in beautiful downtown Ottawa, was chosen to accommodate the conference and its participants. To be held in Ports Canada's prestigious annual business conference style, the event is expected to attract hundreds of participants from around the world.

### THE THEME

Following the implementation of the historic *Free Trade Accord* between the two

nations, the conference is a good example of strengthening ties between Canada and the US. Appropriately labelled "*Canada-US: Partnership in Trade and Transportation*", the conference is expected to address continental transportation issues, of interest not only to participants from both sides of the Canada-US border, but also to North America's trading partners from Europe and the Far East. This theme is intended to focus attention on how Canada and the US can jointly benefit from global market developments, which are changing the transportation and port industry.

### THE SPEAKERS

Your hosts for this event have secured top-notch speakers with in-depth knowledge and extensive experience in the field of trade and transportation. Delegates will be addressed by outstanding speakers

from North America, Europe and the Far East, who will cover a wide range of topics included in the various panels.

### THE PANELS

The conference is expected to cover all aspects of cargo handling, highlighting the impact of the *FTA*, where applicable. Ports Canada and ICHCA-Canada will be responsible for day one, when issues pertaining to bulk and break bulk cargo will be discussed. On the second day, containerized cargo and intermodalism issues will be addressed, under the planning direction of ICHCA-USA. There will be a banquet and reception on September 26, 1990.

To secure your participation, register early using the bottom portion.

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- ( ) Registration for ICHCA members @ CDN \$295 or US \$245 each  
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Hermann Allen  
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Phone: (201) 219-0515



## "CANADA-ÉTATS-UNIS: PARTENAIRES DANS LE COMMERCE ET LES TRANSPORTS "



Première conférence conjointe organisée par Ports Canada,  
ICHCA Canada et ICHCA USA

**HÔTEL WESTIN**  
**OTTAWA, ONTARIO**  
**DU 25 AU 27 SEPTEMBRE 1990**



### LA CONFÉRENCE

Dans une importante décision, Ports Canada et les deux sections nationales nord-américaines d'ICHCA (ICHCA Canada et ICHCA USA) ont uni leurs efforts pour organiser la première conférence annuelle conjointe, qui se déroulera à Ottawa, la capitale du Canada, du 25 au 27 septembre 1990. L'hôtel Westin, situé en plein cœur d'Ottawa, a été choisi pour accueillir la conférence et ses participants. L'événement, qui s'inscrit dans la prestigieuse tradition de la conférence annuelle des affaires de Ports Canada, devrait attirer plus de 400 participants des quatre coins du monde.

### LE THÈME

Suite à la mise en oeuvre de l'accord historique de libre-échange entre les deux pays, la conférence est un exemple du renforcement des liens entre le Canada et les États-Unis. Sur le thème on ne peut plus approprié de

"Canada-États-Unis : partenaires dans le commerce et le transport", elle portera sur des questions de transport continental, qui intéresseront non seulement les participants des deux côtés de la frontière, mais également les partenaires commerciaux de l'Amérique du Nord en Europe et en Extrême-Orient. En choisissant ce thème, les organisateurs veulent attirer l'attention sur la façon dont le Canada et les États-Unis peuvent conjointement bénéficier d'une expansion mondiale des marchés qui transforment les transports et l'industrie portuaire.

### LES CONFÉRENCIERS

Les organisateurs feront tout en leur possible pour réunir des conférenciers de premier ordre qui pourront partager avec les participants une connaissance approfondie et une vaste expérience du domaine du commerce et du transport. On pourra ainsi entendre des conférenciers d'Amérique du Nord, d'Europe et d'Extrême-Orient qui

traiteront d'une vaste gamme de sujets dans le cadre des diverses sessions parallèles.

### LES SESSIONS

La conférence devrait couvrir tous les aspects de la manutention des marchandises, faisant ressortir les conséquences de l'accord de libre-échange. Ports Canada et ICHCA Canada seront chargées de l'organisation du premier jour de la conférence, alors que seront discutées les questions relatives aux marchandises en vrac et aux marchandises dégroupées, tandis que les marchandises conteneurisées et l'intermodalisme feront l'objet de la seconde journée, organisée par ICHCA USA. La conférence se terminera par un banquet le 27 septembre.

Ne tardez pas à vous inscrire en remplissant la formule suivante.

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# EUROPE 1992

## A Europe Without Borders

by Jacques Lecomte\*

We are living in a rapidly changing world. There is a host of things happening simultaneously. Canada and the US have concluded a Free Trade Agreement; the European Community is in the process of completing its internal market; and, at the same time, we are all participating in the current Uruguay Round of the GATT Multilateral Trade Negotiations, in many ways the most ambitious Round so far.

We, in the EC, welcome the GATT agreements concluded in Geneva at the beginning of April 1989. For our part, we will do our best to ensure that we achieve a positive outcome and conclude the Round in 1990.

One common element to be found in the Free Trade Agreement, the plans for Europe 1992, and the Uruguay Round, is the further liberalization of trade. We all share the ideal of free trade, and we are all committed to a more open world trading environment.

In the European Community, however, we decided well over 30 years ago, that we wanted to move further along the road of international economic integration than free trade. By the 1957 Treaty of Rome, we established not only free trade among the member states, but also a customs union and a common market.

Economists like to talk about four levels of international integration: free trade areas, customs unions, common markets and economic unions.

The first level of international economic integration is the free trade area, the objective of which is to eliminate tariffs between the countries participating in the free trade agreement. No common external tariff is established for third countries, each participating country retaining its own tariff schedule. No common institutions need be set up. There is little or no loss of sovereignty, and there need not be any commitment to proceed further.

The next level of economic integration is the customs union, where a common external tariff is adopted for third countries.

The third stage is the common market, which is a customs union with the free movement of goods, labor, capital and services. It means the establishment of common policies in many fields, for example, in agriculture and competition, as well as a common commercial policy, operating within the GATT framework. This requires setting up common institutions to administer the common policies.

The European Community is often referred to as the Common Market, and the EC is indeed a common market as defined by economists.

- The last level of economic integration is
- the economic union, which would also
- incorporate monetary union, including the
- establishment of a central bank and common
- currency.

### A Europe Without Borders

- It is the ultimate aim of the European
- Community to achieve economic and monetary union, and this objective was reaffirmed
- in the *Single European Act*, adopted by the
- twelve member states of the European
- Community in 1986.
- The EC has not yet, however, completed
- its internal market, and consequently it is
- not yet a truly unified common market.
- This is what "Europe 1992" is all about:
- the completion of the common market.

- provincial borders in Canada. To this end,
- the EC Commission, in a *White Paper* published in 1985, outlined almost 300 pieces of
- legislation to remove physical, technical and
- fiscal barriers between the member states,
- dealing with such diverse topics as harmonizing veterinary and phytosanitary
- controls, the approximation of technical
- standards for telephone exchanges, the
- opening-up of public procurement, the
- alignment of indirect tax rates among the
- member states and the creation of a
- Community trade mark.
- The completion of the internal market will
- bring the Community one step closer to its
- goal of true European economic integration.
- More immediately, however, the removal of
- internal trade barriers will give a significant
- boost to the EC economy. It will directly



### What is Europe 1992?

- Europe 1992 aims to sweep away the
- remaining obstacles to the free movement of
- goods, workers, services and capital within
- the European Community, thereby creating
- a huge unified market — "a common
- market" of over 320 million consumers —
- with goods, services and capital moving
- across national borders as easily as, or
- perhaps more easily than, they do across
- reduce costs by eliminating border controls

- and allowing industry to produce for a
- Community-wide market, without having to
- adapt to a variety of national technical
- standards, and thereby allowing industry to
- achieve much greater economies of scale.
- Further more, this will help to finance
- developments in new technologies and their
- application to new and old industries alike.
- A study produced by the EC has demon-
- strated in quite a dramatic form the costs of
- the present economic divisions within the



Community and the immense advantages further integration will bring. This study projected that the completion of the internal market would add around 5 percent of the Community's gross domestic product (GDP), a gain of around \$300 billion. Over the medium-term, between two and five million new jobs could be created. Furthermore, despite increased economic growth, consumer prices could drop by an average of 6 percent.

## Where are we at this time?

At the European Council of Hanover in June of last year, the heads of government declared that progress towards the completion of the internal market "has now reached the point where it is irreversible, a fact accepted by those engaged in economic and social life." For the implementation of the 1992 single market, the Commission had to prepare 279 pieces of legislation. About 90 percent of these 279 proposals had been submitted to the Council of Ministers at the end of 1988, and the Council had adopted 47 percent of them. One third of them had been approved by a qualified majority.

The areas in which there has been the most progress are: the harmonization of standards, public procurement, and financial services and the liberalization of capital movements.

One area where we have difficulty is value added tax (VAT) harmonization, which is a very complex issue, and very political. But perhaps it will not be as difficult as it appears, as many of the VAT rates are mainly within two ranges of percentages, with extremes of 0 and 33 percent.

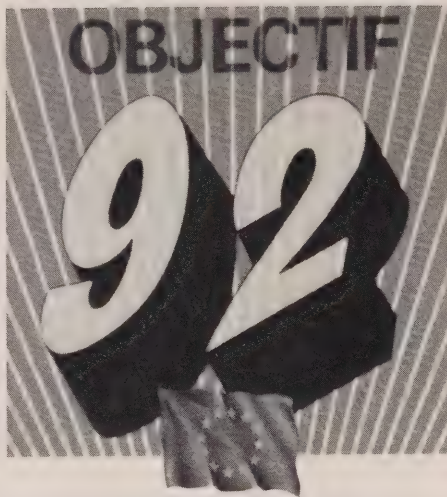
What is noteworthy at this stage of preparation for the 1992 single market, is that the European private sector is enthusiastic about the 1992 project. The prospect of a genuine common market has accelerated investment in Europe. In 1987, it was estimated that investment would increase by 4.5 percent in 1988. The private sector is busy preparing for the European single market. The movement towards further European unification is accelerating and is unlikely to be reversed.

Many European industrialists view the single market optimistically. A recent International Management survey of 3,000 European business executives showed that 78 percent believe that completing the EC's internal market is a realistic goal, while 64 percent believe that without the internal market, European companies will be at a competitive disadvantage vis-a-vis their American and Japanese counterparts. A total of 55 percent also said that the internal market will create growth opportunities for already-existing product lines.

## Canada and the Community

A mutual desire for closer relations between the European Community and Canada found expression on the eve of

British entry into the EC. In October 1973, the EC heads of government invited Canada to open a "constructive dialogue" with the European Community. In November of that year, Canada proposed a general agreement on economic and other matters. Canada wished to forge new links with the EC as part of a move to diversify its external economic relations and to add a Community dimension to its good ties with individual EC member states.



In April 1974, Canada proposed the negotiation of an agreement which would establish a "direct contractual link between Canada and the Community" and "foster the development of long-term commercial and economic relations". Negotiations opened in March 1976; and the Framework Agreement on Commercial and Economic Cooperation was signed in Ottawa on July 6, 1976, coming into effect on October 1, 1976.

The Framework Agreement with Canada is the only one of its kind that the Community has with an advanced industrialized partner.

The main features of the Framework agreement are that:

- both parties grant each other most favored-nation status;
- they undertake to promote the reciprocal development and diversification of trade at the highest level;
- they agree to foster economic cooperation in all fields deemed suitable; and
- they establish a Joint Cooperation Committee to promote and review activities inaugurated under the Agreement.

## What does Europe 1992 mean for Canada?

Europe 1992 has to be seen in the context of the world economy. The EC is already the world's largest trading entity accounting for one-fifth of world trade, while the US accounts for about 15 percent and Japan about 9 percent. The EC has very close ties with the EFTA countries, and conducts more trade with EFTA than that with the

US and Japan combined. Moreover, the EC is well situated to take advantage of liberalizing trends in eastern Europe.

The European Community is Canada's second largest trading partner, and Canada's second largest source of investment capital after the United States, and well in front of Japan.

Canada is the EC's eighth largest export market, and its tenth largest source of imports.

Canada has traditionally enjoyed a trade surplus with the EC. Since 1984, however, it has been the Community which enjoyed a trade surplus with Canada.

Furthermore, a major characteristic of Canada/EC trade has been that its structure has remained unchanged for at least the past decade. Canada's major exports to the EC are forestry products, mineral ores and concentrates and primary food stuffs (i.e. wheat, fish, etc.). In contrast, the EC's main exports to Canada (other than British crude oil) are transportation equipment (cars, planes, boats, trains, etc.), industrial machinery (all kinds, for all sectors) iron and steel, chemicals and consumer goods (i.e. alcoholic beverages, clothing, footwear, etc.).

The creation of the single market will be a significant factor in the ever-changing environment of Canada/EC business relations. It will bring new opportunities for Canada and Canadian business and industry. Although competition in Europe may become tougher for Canadians, Canadian companies will benefit to the same extent as European firms from the easing and eventual abolition of barriers within the Community. Subsidiaries of Canadian firms incorporated in the Community will profit to the same extent as purely EC companies. Canadian exporters to the Community will find themselves selling into a single market of over 320 million consumers with a uniform set of norms, standards and procedures. They will no longer have to face 12 different sets of requirements of border controls between member states. Furthermore, the single market will likely lead to greater consumption within the Community which would entail an increase in imports. I believe that Canadian firms have great opportunities in Europe, but they will have to go there to sell their products in this very competitive market.

## The external dimension of 1992

Not surprisingly, the Community's initiative to achieve a single European market by the end of 1992 has sparked a great deal of attention and anxiety, not only inside, but outside the EC.

A number of the Community's trading partners, without having any concrete evidence to support their fears, have voiced uneasiness about the completion of the internal market and claim that it is bound to be accompanied by measures designed to exclude or at least disadvantage third



country interests. Since the European Community firmly believes that this view is both misguided and dangerous, the European Council made its position clear on this matter at the Summit of Heads of Government at Rhodes in December, 1988.

The European Council stated that the internal market will be beneficial to both EC companies and to non-Community firms, as both will no longer deal with national barriers, be they physical, technical or fiscal. The aim is to abolish these barriers for all.

Furthermore, the economic growth expected from the completion of the internal market will have favorable economic consequences, both for the Community and for its trading partners. It will strengthen the Community's position as the world's leading trading entity, and as the one with the greatest stake in preserving and enhancing a liberal multilateral trading system.

The internal market program involves no weakening of the Community's commitment to respect its international obligations.

Where international commitments, whether multilateral or bilateral exist, they will continue to be honored.

In sectors where no multilateral rules exist, the Community will endeavour to develop, reinforce and enhance the multilateral system. The Uruguay Round negotiations provide us with an opportunity to improve the existing arrangement, and to introduce liberalizing measures in areas where no international rules yet exist.

In fields not yet subject to international obligations, it would be premature for the Community to extend automatically and unilaterally to third countries all advantages of internal measures towards liberalization. Those third countries, from whom it is reasonable to expect comparable liberalization, will benefit to the extent that a reciprocal and mutual balance of advantages is attained.

## What is the meaning of reciprocity in the financial sector?

Regarding the presence of foreign banks and other financial institutions, most member states already practice a liberal policy. There is already a considerable number of foreign banks in the Community. According to recent figures, 530 subsidiaries have already established themselves in the EC. The rate at which new licenses are being granted is accelerating all the time. Once established and incorporated, all foreign banks benefit from national treatment in the EC. Under Article 58 of the Treaty of Rome, they benefit from all the rights accorded by Community law. The Commission has recently confirmed that this will apply equally to any new rights created by our internal market legislation.

Why has a reciprocity clause been introduced into the Second Banking Directive and other subsequent Commission proposals? The explanation is two fold. First, the proposed reciprocity clause simply

- replaces a reciprocity requirement which already appears in the legislation or administrative practice of most of the Community's member states. Once the Second Banking Directive and the single license enter into force, the only way in which these national reciprocity requirements could effectively be maintained is to reintroduce them at Community level.

- The second reason is that there are as yet no binding multinational obligations on trade in financial services. Until such agreements are reached on a reciprocal basis, either in the GATT or elsewhere, the Commission takes the view that it is reasonable for the EC to reserve the right to impose a reciprocity test as a possible condition of access to the single market for new banks from third countries. As mentioned earlier, it does not apply to foreign banks already established in the Community.

- The effect of the reciprocity clause should not be exaggerated. It is not a new form of protectionism in financial services. It is no more than an instrument of last resort to enable the Community to strengthen its negotiating position vis-a-vis third countries which abuse our hospitality by making free use of our open financial markets while keeping their own closed. Realistically, such an instrument could only be invoked in the event of a major breach of internationally accepted standards of fair practice, such as the "national treatment" doctrine of the OECD. In other words, the reciprocity clause is a level to help open up world financial markets. It is certainly not a key to enable us to lock up our own.

## Europe after 1992

- European firms are busy preparing for the single market. Many mergers have already taken place. As well, many industries are making much needed structural adjustments.

- These changes will have social consequences. For this reason, the EC Commission has proposed to the Council that the Europe 1992 project be accompanied by social programs to retrain workers, and to provide employment opportunities in depressed regions. EC Commission president Jacques Delors has time and time again emphasized that there must be a social dimension to Europe 1992.

- The completion of the internal market is a prerequisite for the further development of other policies, such as cooperation in economic and monetary policy, economic and social cohesion, research and development, science and technology, the environment, and political cooperation in the field of foreign policy.

- In short, the completion of the internal market is not only the key to the Community's economic prosperity, but it is the key to the Community's political future.

- As the world's largest trading entity, the EC has an enormous interest in free trade for its own prosperity. It is therefore of vital

- interest to the Community that world markets are prosperous and open. Europe 1992 represents a further liberalization, which will benefit both the Community and the world.

- The fear that has been expressed by some of our trading partners around the world, that a "Fortress Europe" is in the process of being erected, is groundless, because it would defeat the whole object and purpose of the single market. If we build a Fortress Europe, we shall be its first prisoners.

- Another aspect of the completion of the internal market is the free movement of persons within the Community. The twelve member states have agreed to cooperate in regard to the entry, movement and residence of third country national, as they want to eliminate or at least limit the movement of terrorists, criminals and illegal drugs. The governments are currently working on these issues. As you see, the single market has many other consequences for the twelve, touching on all aspects of life.

- There are some people, including EC Commission president Delors, who say that after we have completed the single market by the end of 1992, we will still not have a truly common market, as the Community will still have twelve national currencies. Not until we have achieved economic and monetary union can we speak of a genuine single market. However, the establishment of a European central bank and a common European currency will likely mean the negotiation of a new treaty among the member states. As you can see, we still have much to do in order to prepare for the 21st century.

- Another element in creating the single market is the EC's relations with the rest of Europe. Turkey has already applied for EC membership, and one or two other countries are apparently also contemplating membership. We have very close ties with the EFTA countries, and special relationships with Malta and Cyprus.

- In addition, major economic and political developments are taking place in eastern Europe, which could have significant ramifications for the future of the whole continent.

- Europe 1992 is another important milestone in the process of European integration, which was initiated in 1950 with the Schuman Declaration. The EC has emerged as a community of peace and prosperity. But as I have briefly mentioned, there are still many challenges ahead.

- We are nearly on the threshold of the 21st century, and with the rapid economic and political developments that are taking place in the world, and in particular in Europe, it will undoubtedly be a century where the European Community will increasingly play a key role. ♀

\*Jacques Lecomte is Head of the Delegation of the Commission of the European Communities, Ottawa, Ontario.



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# Ups and downs . . .

Judging by the first six months, 1989 promises to be a first-rate cargo year for the US port industry. Growth, though slower than a year ago, continued at a respectable rate, with all port ranges benefiting to various degrees.

Compared to January-June 1988, exports rose by 8.9 percent, imports by 7.2 percent, and total volume by 8 percent. At these rates, the year-end total should be around 960 million short tons (mst), up from 918 mst in 1988 and 838mst in 1987.

In the export category, tanker shipments increased 31 percent to 25.8 mst and dry cargo by 6 percent to 190.4 mst. The import figures show dry cargo up 2.8 percent to 85.9 mst and tanker receipts up 9.3 percent to 181 mst.

Port range performances for the half were: North Atlantic—134.7 mst (+8.8 percent); South Atlantic—39.6 mst (+20 percent); Gulf—198.9 mst (+3.7 percent); South Pacific—40.9 mst (+10.2 percent); North Pacific—48.0 mst (+3.9 percent); Great Lakes—21.3 mst (+23.8 percent). More complete data are presented in Table I.

The liner trades also performed well. Here the data shows: exports—25.6 mst (+12 percent), imports—22.0 mst (+3 percent);

total—47.6 mst (+7 percent). Particularly noteworthy is the fact that line imports, which in 1988 dropped 10 percent from the 1987 level, seem to be on the rebound in 1989.

By port range, the liner cargo changes from a year ago were: North Atlantic (+6.9 percent); South Atlantic (+11.1 percent); Gulf (-14 percent); South Pacific (+15.8 percent); North Pacific (+10.3 percent). No data was provided for the Great Lakes. See Table II for additional information.

Containerized liner cargo turned in a spectacular record. Exports shot up a dazzling 26.5 percent to 20 mst, while imports, at 18.8 mst, were up 10.2 percent, and volume overall, at 38.8 mst, was up 18.2 percent.

Container cargo growth by port range—North Atlantic (+16.7 percent); South Atlantic (+21.4 percent); Gulf (+6.0 percent); South Pacific (+22.4 percent); North Pacific (+15.6 percent). A statistical summary is provided in Table III.

Containerization's growing impact on the liner trades is indicated by the fact that in the first half of 1989, containers accounted for 81.5 percent of total liner cargo, compared to 75.7 percent for all of 1988 and 74.9 percent for 1987. ⚡

TABLE I

US WATERBORNE FOREIGN COMMERCE 1986-89  
(Millions of Short Tons)

EXPORT	Calendar Year			1st 6 Months	
	1986	1987	1988	1988	1989
<b>UNITED STATES</b>	<b>330.9</b>	<b>360.0</b>	<b>400.6</b>	<b>198.9</b>	<b>216.5</b>
North Atlantic	69.0	62.7	73.6	34.0	44.8
South Atlantic	13.7	15.3	18.6	8.8	10.4
Gulf	134.8	155.0	162.2	88.9	87.3
South Pacific	30.7	33.4	37.4	18.3	21.0
North Pacific	50.8	61.6	73.2	37.6	38.5
Great Lakes	32.0	32.0	36.6	11.7	14.5
<b>IMPORTS</b>					
<b>UNITED STATES</b>	<b>453.4</b>	<b>477.8</b>	<b>517.4</b>	<b>249.1</b>	<b>266.9</b>
North Atlantic	168.2	170.2	182.9	89.8	90.0
South Atlantic	47.8	53.9	51.4	24.2	29.2
Gulf	171.3	184.1	211.6	102.2	111.5
South Pacific	36.2	37.6	38.4	19.0	20.0
North Pacific	16.5	18.2	17.7	8.6	9.5
Great Lakes	13.8	13.9	15.7	5.5	6.8
<b>TOTAL</b>					
<b>UNITED STATES</b>	<b>784.7</b>	<b>837.8</b>	<b>918.0</b>	<b>448.2</b>	<b>483.4</b>
North Atlantic	237.3	232.9	262.8	123.8	134.7
South Atlantic	61.5	69.2	70.0	33.0	39.6
Gulf	306.1	339.1	373.3	191.1	198.9
South Pacific	66.9	71.0	75.5	37.1	40.9
North Pacific	67.3	79.8	90.9	46.2	48.0
Great Lakes	45.8	45.9	52.3	17.2	21.3

SOURCE: U.S. Bureau of the Census



TABLE II  
US LINER TRADES 1986-89  
(Millions of Short Tons)

EXPORT	Calendar Year			1st 6 Months	
	1986	1987	1988	1988	1989
<b>UNITED STATES</b>	<b>35.6</b>	<b>40.8</b>	<b>45.1</b>	<b>23.1</b>	<b>25.6</b>
North Atlantic	6.3	6.6	8.3	4.3	5.2
South Atlantic	6.3	7.1	8.2	4.1	4.9
Gulf	7.6	9.1	8.0	4.5	4.1
South Pacific	8.6	10.4	12.3	6.3	7.3
North Pacific	6.6	7.5	8.0	3.9	4.3
Great Lakes	.3	n/a	n/a	n/a	n/a
<b>IMPORTS</b>					
<b>UNITED STATES</b>	<b>42.3</b>	<b>45.6</b>	<b>41.5</b>	<b>21.4</b>	<b>22.0</b>
North Atlantic	15.3	15.6	13.9	7.3	7.2
South Atlantic	6.1	6.6	5.9	3.1	3.1
Gulf	4.3	4.8	4.1	2.6	2.0
South Pacific	12.7	14.2	13.0	6.4	7.4
North Pacific	3.8	4.1	3.8	1.9	2.1
Great Lakes	.1	n/a	n/a	n/a	n/a
<b>TOTAL</b>					
<b>UNITED STATES</b>	<b>77.9</b>	<b>86.4</b>	<b>86.6</b>	<b>44.5</b>	<b>47.6</b>
North Atlantic	21.6	22.2	22.2	11.6	12.4
South Atlantic	12.4	13.7	14.1	7.2	8.0
Gulf	11.9	13.9	12.1	7.1	6.1
South Pacific	21.3	24.6	25.3	12.7	14.7
North Pacific	10.4	11.6	11.8	5.8	6.4
Great Lakes	.4	n/a	n/a	n/a	n/a

SOURCE: U.S. Bureau of the Census

TABLE III  
US CONTAINERIZED LINER TRADES 1987-89  
(Millions of Short Tons)

EXPORTS	Calendar Year		1st 6 Months	
	1987	1988	1988	1989
<b>UNITED STATES</b>	<b>28.1</b>	<b>31.6</b>	<b>15.8</b>	<b>20.0</b>
North Atlantic	4.9	5.8	3.0	4.2
South Atlantic	5.2	6.4	3.0	4.0
Gulf	4.0	3.3	1.8	2.1
South Pacific	8.7	10.4	5.3	6.5
North Pacific	5.3	5.8	2.8	3.3
Great Lakes	n/a	n/a	n/a	n/a
<b>IMPORTS</b>				
<b>UNITED STATES</b>	<b>36.6</b>	<b>33.8</b>	<b>17.0</b>	<b>18.8</b>
North Atlantic	12.8	11.6	6.0	6.3
South Atlantic	5.6	5.1	2.6	2.8
Gulf	2.6	2.5	1.4	1.3
South Pacific	11.9	11.1	5.4	6.6
North Pacific	3.7	3.5	1.7	1.9
Great Lakes	n/a	n/a	n/a	n/a
<b>TOTAL</b>				
<b>UNITED STATES</b>	<b>64.7</b>	<b>65.4</b>	<b>32.8</b>	<b>38.8</b>
North Atlantic	17.7	17.4	9.0	10.5
South Atlantic	10.8	11.5	5.6	6.8
Gulf	6.6	5.8	3.2	3.4
South Pacific	20.6	21.5	10.7	13.1
North Pacific	9.0	9.3	4.5	5.2
Great Lakes	n/a	n/a	n/a	n/a

SOURCE: U.S. Bureau of the Census

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# HANDLE with CARE

by Hassan J. Ansary\*

**T**ransportation of dangerous goods has climbed to the top of critical industry issues in the recent past. The need for adoption of universal standards of packaging, transporting, storing, or use of dangerous goods has never been so grave.

In Canada, there are major pieces of legislation and international agreements, that assist Canadian port authorities to ensure, to the extent possible, that dangerous goods are packaged, marked, labelled, stored, stowed and handled safely, and, in the event of an accident, that information is readily available to resolve the incident as safely as possible in a timely way:

□ *The International Maritime Dangerous Goods (IMDG) Code* stipulates packaging and labelling, the compatibility of substances and safe stowage distances between various compatibility groups and classes required for dangerous goods being shipped internationally by vessel. The *Canadian Transport of Dangerous Goods Act (TDG Act)* and regulations have the same effect inside Canada, except where internationally imported or exported dangerous goods are moving directly between the consignee and vessel, when they come under the *IMDG Code* requirements.

□ *The Canadian Transport of Dangerous Goods Act* and Regulations deal with the packaging, marking, labelling, compatibility groups and manifest(s), also safety information that must accompany dangerous goods in Canada.

□ *The Canadian Dangerous Goods Shipping Regulations*, in general, require the *IMDG Code* to be applicable on Canadian ships anywhere in the world and to all ships in Canadian waters, the regulations also determine how some particular dangerous goods cargo will be stowed.

□ *The Canadian Railway Safety Act* generally determines how dangerous goods will be handled, stowed, placed and transported by rail.

□ *The Ports Canada By-Laws* deal with information that must be available to the port authority, and permits the authority to determine the places at which goods may be handled, conditions under which handling may take place, security measures that must be complied with while goods are on port property or in the

• harbour, and any quantity limitation that  
• may be placed upon the amount of  
• dangerous goods allowed at a berth or on  
• property, including a vessel, in the  
• harbour.

• Pursuant to *Ports Canada By-Laws*,  
• permits are required for various activities  
• that could be hazardous. The port must be  
• notified at least 24 hours before dangerous  
• goods are brought into the harbour. Autho-  
• rization for such goods to enter the harbour  
• must be issued through the port's Danger-  
• ous Goods Permit system. Also, Ports  
• Canada may impose special safety conditions  
• on the storage and handling of such goods  
• while they remain within harbour limits.

• Other permits in use in our harbours to  
• assist in accident prevention are the *Welding  
• and Cutting Permit*, the terms and conditions  
• of which help offset fire (explosion) dangers,  
• the *Vessel Bunkering Permit*, the terms and  
• conditions of which help offset pollution,  
• and the *Ship/Shore safety check-list* for bulk  
• liquids and chemicals which helps to offset  
• the hazards of spillage. This Ship/Shore  
• safety check-list is, in effect, the interna-  
• tionally-developed (IMO) recommendation.

• Each berth at which explosives are  
• allowed to be handled is evaluated based on  
• the *NATO AC 258 D 258* principles.  
• However, a total quantity not exceeding 25  
• Kg. net explosive quantity (NEQ) of  
• explosives may be handled at any berth,  
• subject to operational standards being  
• observed. Additionally, for new develop-  
• ments in dangerous goods or unusual  
• circumstances, Transport Canada (Canadian  
• Coast Guard) has established a Dangerous  
• Goods Technical Committee, drawing its  
• membership from not only various  
• departments of government and port  
• authorities but also from recognized  
• industrial groups. This Committee  
• recommends procedures to be followed in  
• the treatment of newly-developed dangerous  
• substances for transport by water, including  
• handling methods, stowage and packaging,  
• etc.

• There are various other government and  
• private agencies that assist our harbour  
• masters in maintaining a safe harbour such  
• as the local fire and police services. *Canutec*  
• and *Hazardline* each provide a response  
• guide for dangerous goods. Also, the Cana-  
• dian Coast Guard and private firms act as  
• resource agencies and maintain oil pollution  
• clean-up equipment.

• Private industry will provide emergency  
• response information, on a commercial  
• basis, through a computerized network  
• assistance program which takes the form of  
• a guideline dealing with emergencies involv-  
• ing dangerous goods. The system used by  
• Ports Canada is *Hazardline*; though it is only  
• one of several commercial service systems  
• available that deal with dangerous goods  
• response information.

• *Hazardline* is an electronic information  
• service which contains more than eighty  
• thousand chemical substances and their  
• synonyms. The system will provide specific  
• information on chemical reactions and  
• incompatibilities. Many substances are fairly  
• stable in themselves but may react in a  
• highly-dangerous fashion when combined in  
• an accidental manner.



• Fortunately, major incidents involving  
• dangerous goods are infrequent. However,  
• there are always a number of small accidents  
• which occur during the cargo handling  
• process at any major port. For example, a  
• 45-gallon drum is punctured by a forklift  
• while being stowed into a container at a  
• consolidation shed on a pier. The substance  
• in the damaged drum is identified. Using  
• the name or substance UN (United Nations)  
• identification number, one is able to ask for  
• specific response information such as leak or  
• spill procedures; i.e., whether the substance  
• is immediately dangerous to health; the  
• protective clothing to be worn by anyone  
• who has to contain and clean up the spill;



and if water, foam, dry chemical or CO<sub>2</sub> should be used to put out a fire. Information is available on the screen, or by hard copy, almost immediately. *Hazardline* is subdivided into thirty separate command categories to facilitate rapid selective information retrieval and, if the situation requires, a comprehensive response of thirty categories may be received.

- chemist will answer an emergency telephone
- call allowing an interaction of questions and expert advice to be possible from the accident scene, on a twenty-four-hour basis.
- However, hard copy information takes time to pass between *Canutec* and the caller as it must be sent over either a telecopier (fax) or telex machine. The system can also provide communication links with industry, govern-

- (accident), the *Transportation Emergency Assistance Plan* operated by the Canadian Chemical Producers Association can be activated by *Canutec*; or other industry or government specialists can be called to assist.
- Ports Canada utilizes these services in its Emergency Plans. Ports have various plans which can be escalated to include other

## TDG-10

### Accent on Safety



HAMBURG, West Germany — Over 100 participants from 22 countries crowded in the Congress Centrum Hamburg to listen to nearly 30 presentations on multiple facets of the transportation of dangerous goods. The tenth international symposium on the transport of dangerous goods by sea and inland waterways got under way with an address by the outgoing secretary-general of the international maritime organization, B. Scrivastava of India. Secretary-general Scrivastava drew the participants' attention to the shift in IMO's attention from developing conventions to the protection of the environment, safe disposal procedures for wastes, sewage and garbage with the aim of eliminating pollution of the sea.

Organized by Bundesanstalt für Materialforschung und -prüfung (BAM), the symposium heard the diverse views of the ports, the carriers, the shippers and the regulators. Hans J. Busch of the German federal of transport reminded the participants that approximately 22 percent of world's seaborne trade is made up of hazardous Goods. Most of this is governed by the international maritime dangerous goods code (IMDG) that has a weak legal status in international law. The introduction of these regulations into national laws has not been easy. This notwithstanding, Busch argued, IMO has certainly taken a step in the right direction when it subjected the dangerous goods substances which are known to have a detrimental effect on the marine environment to special regulations in agreement with other international bodies.

With six parallel and two plenary sessions, TDG-10 covered subject matters as diverse as "liability, insurance and transport of dangerous goods by sea and inland waterways" to "how should ship operations be regulated?"

Hassan J. Ansary, Ports Canada's executive vice president represented Canada, presented a paper (see accompanying article), and presided over the closing plenary session. In his concluding remarks, Ansary warned participants that as the transportation of dangerous goods increases so will the number and complexity of regulations governing such movements. It is, therefore, imperative for those involved in this business to get together once in a while to review the latest developments in technology and regulations.

The symposium came to a close with a few words from Yoshio Sasamura from the Shipbuilding Research Association of Japan who unveiled the site of TDG-11. The eleventh Symposium on the transport of dangerous goods will be held in Japan sometime in the fall of 1992.

The full proceedings of TDG-10 are available from Secretariat TDG-10, BAM, Unter den Eichen 87, Eichen 87, D-100 Berlin 45, Federal Republic of Germany. ☎



*Canutec* is the Canadian system and, though giving the same dangerous goods accident assistance, provides information in booklet form and over the telephone. The booklet provides a guide to the initial emergency response and facilitates commencement of the response and assists in preventing the accident from becoming a catastrophe. The advantage of *Canutec* is that it is a bilingual (French/English) service and staffed with qualified chemists. A

- ment or medical specialists and has a directory of emergency response groups and a list of specialized equipment locations across the country. The *Canutec* emergency procedures are very similar to the IMO Emergency Procedures for ships carrying dangerous goods, however, the IMO procedures are more aimed at a ship-initiated response.
- Should on-site assistance be required as a result of a dangerous goods incident

- jurisdictions, in the event additional assistance is required.
- Plans vary between ports depending upon the facilities at each port, however, the following is a general overview of the major points of a plan:
- The index outlines the general organization of the plan, emergency matters that are covered by the plan and where things can be quickly found. It also indicates the legislative authorities upon which action under the





plan is authorized and outlines all those departments, agencies and groups that are included as part of the organizational partners of the plan.

A general section covers such matters as the core advisory committee, its chairperson and a designated meeting place (Policy Control Center) as well as the responsibilities of this committee. The committee would be called through the fan-out procedure each time the plan is activated and it includes the various specialists that could assist in most emergency situations such as: the port authority, environmental protection services, legal advisors, fire department, public relations, pilot services, rail services and the Coast Guard. This group can be augmented by additional expertise depending upon the type of emergency situation and its location.

The committee will not have operational control but will assist the On-Scene Commander through advise and coordinate the supply of resources, including expertise, required by the On-Scene Commander, release official communications concerning the incident to the public and news media, hold public situation briefings and keep the various government agencies informed as required. The committee will determine when the provincial or federal government will be requested to intervene and assist the port authority to resolve the incident or some aspect of the incident.

One of the objectives of the committee is to remove all concerns, other than resolving the incident, from the shoulders of the On-Scene Commander.

This section can also indicate to the On-Scene Commander the various emergency incidents and lines of communication



DIE BEFÖRDERUNG RADIOAKTIVER STOFFE

- The general responsibilities of the On-Scene Commander are to determine an appropriate level of response to the incident, manage the response, provide accurate situation reports to the committee and ensure, to the extent possible, that such advice is taken to allow action which is necessary to successfully resolve the incident efficiently and in a timely fashion.

- Telephone and radio communication arrangements will be allotted to each faction of the response team and will be outlined for all to know. Alternate communication arrangements will also be clearly indicated in case of equipment or system failure.

- Emergency plans cannot cover every eventuality. However, they are prepared for a number of possible incidents. The incidents covered depend, to a large extent, on the facilities within the harbour limits and the type of vessels using the harbour.

- All plans contain a section on the procedures to be followed on the receipt of an emergency alarm. Besides indicating the information to be taken from the caller, the plan will indicate whom to call and in what order. This is called the plan fan-out system, and includes all persons, agencies and departments that will respond to any incident. Plans will also have a fan-out system for specific emergency incidents that will include all persons, agencies and departments that will respond to that particular type of incident and those persons, agencies and departments that are required to be

- aware of the incident as their services may be required in the near future; e.g., hospitals, etc.

- Plans will also include a reference section. In this section plans/charts of the area will be found that also indicate any special features where particular precautions are necessary, such as water in-takes for factories, fish breeding areas, etc.; and also information that maybe required in resolving the incident such as beaching areas, equipment staging areas and a list of resources available to the On-Scene Commander (cranes, tugs, barges, trucks, etc.).

- In closing, regardless of the best-laid plans of mice and men, accidents will happen! Not only will they happen, but they often occur at the most awkward of times. In order to mitigate the possible results of an accident, in a timely fashion, and minimize exposure risk, our ports have developed comprehensive emergency plans. To minimize capital investment, plans fan-out to include resource agencies and private industry participation. Emergency plans will not stop accidents; but, if exercised regularly and kept up to date so that an accident (incident) is resolved efficiently, it clearly demonstrates that the port authority has safety of life and property as one of its major objectives, which will assist greatly in reducing public concern. ♣

- *\*Hassan J. Ansary, Ph.D., is Executive Vice President of Canada Ports Corporation and Editor-in-chief of Portus. This article is based on extracts from a speech delivered at TDG-10, the 10th International Symposium on the Transport of Dangerous Goods by Sea and Inland Waterways, September 25-27, 1989, in Hamburg, West Germany.*



# NTA The First Report Card

by Hugh Quigley\*

The National Transportation Agency has published its first annual report. The agency administers the *National Transportation Act of 1987*, which brought deregulation to Canada's transportation system. Among other things, it analyzes the effects of the *Shipping Conferences Exemption Act of 1987 (SCEA)* on the marine industry, and finds that shippers have not taken advantage of provisions in the new legislation. The agency's surveys of shippers and forwarders revealed that both groups are unfamiliar with provisions and objectives of the new shipping conference legislation.

Service contracts, one of the provisions of the SCEA, were expected to provide shippers with a tool for reducing conference freight rates. The expectations have not been fulfilled. Only six contracts were filed with the agency in 1988, whereas thousands are in effect in the US. Nor is there evidence that mandatory right of independent action had any measurable effect on rate increases during 1988.

The six service contracts filed with the agency in 1988 consisted of five import and one export. In comparison, close to 500 were filed with the US Federal Maritime Commission in the first year of the US Shipping Act of 1984. About 4,000 service contracts were filed with the FMC in each of the last three years. It is estimated that some 3,500 service contracts are currently in effect in the US liner trade.

Service contracts in the US drove freight rates down; and they may be causing reluctance among conferences to introduce them in Canada. Conferences operating some routes to and from Canada are reported to have adopted policies prohibiting the use of service contracts by member lines.

Trends in Canadian liner trade were not conducive to use of service contracts in 1988. Rates were escalating; there was no incentive for conferences, therefore, to lock themselves into long-term contracts which would not maximize their revenues. On the other hand, Canadian importers receiving goods from the Far East were much better off without service contracts since inbound rates continued to plummet due to weak demand and surplus capacity. It is unlikely that service contracts will ever attain the status they enjoy in the US due to the relatively-small number of large shippers in Canada; however, they may be used more frequently in the future.

The SCEA has had little impact on Canadian international liner trade in 1988. Changes in industry structure, traffic levels,

levels of service, and ocean freight rates, were more affected by market forces on various trade routes. Other influences were the policies of shipping conferences, the continuing rationalization of liner services, and decisions on liner shipping made abroad.

The primary objective of the SCEA is to exempt certain practices of shipping conference from provisions of Canada's *Competition Act*. It introduces a number of features to clarify and narrow the exemptions enjoyed by conferences. The *Act* provides a more equitable balance between the interests of Canadian shippers and shipping conferences, and should increase the scope for price competition.

Member lines of a conference agree to set rates, charges, and conditions of service. A conference must file its basic agreement with the National Transportation Agency to qualify for exemption from anti-combines legislation. However, the exemption does not allow conferences to negotiate freight rates with inland carriers or to engage in predatory pricing. The SCEA also exposes agreements to the provisions of the *Competition Act*.

The SCEA includes the mandatory right of member lines of conferences to take independent action in setting rates or levels of service. The *Act* also allows confidential

service contracts by conferences or member lines. In such an arrangement, the shipper makes a commitment to provide a minimum quantity of cargo over a fixed period in exchange for a special rate or service from the conference.

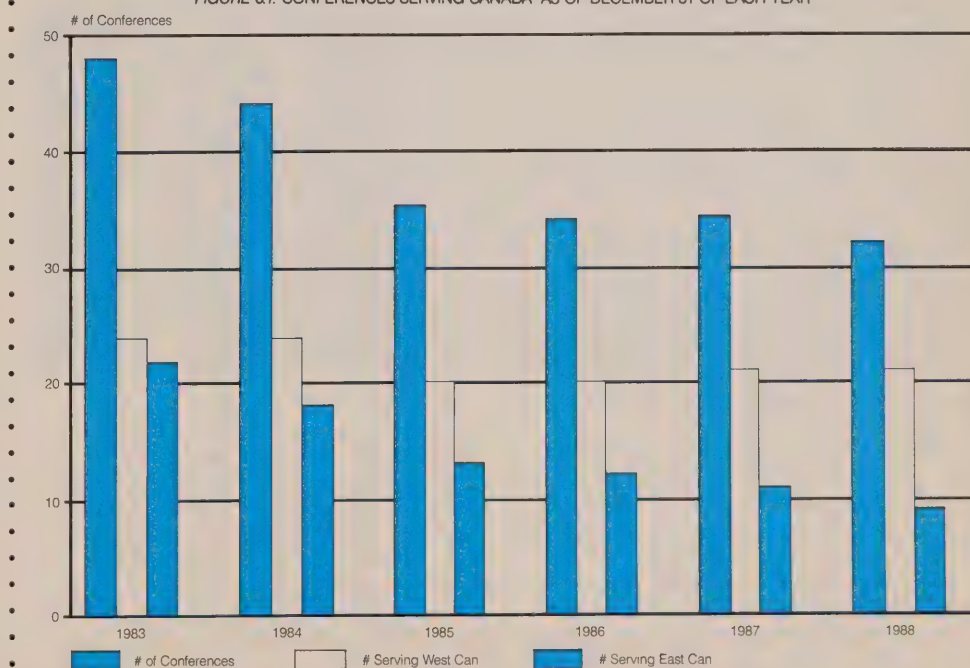
Shippers' surveys indicate that close to two-thirds of all shippers and importers were unfamiliar with the SCEA. Only seven percent characterized themselves as being very familiar with the legislation. Shippers who arranged their transportation direct with ocean carriers were more likely to be familiar than smaller shippers.

Only 15 percent of shippers and importers reported making use of independent action rates. A total of 41 shippers in the sample reported requesting conference carriers to take independent action. Of those, 27 were successful 50 percent of the time or more.

The agency's surveys revealed that freight forwarders were more familiar with the SCEA than individual shippers. Just under 50 percent indicated they were generally satisfied with the legislation, about two thirds reported that the *Act* had only a marginal effect on their business in 1988. In general the forwarders had no major complaints regarding the operation of the SCEA.

It would appear that Canadian shippers

FIGURE 6.1: CONFERENCES SERVING CANADA AS OF DECEMBER 31 OF EACH YEAR

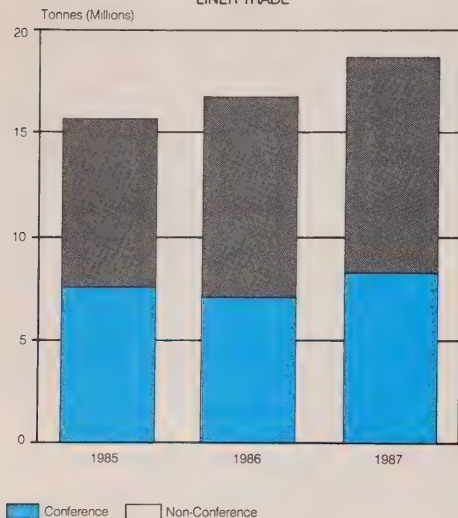


SOURCE: NATIONAL TRANSPORTATION AGENCY



and importers may be missing opportunities for reductions in transportation costs. The *Shipping Conferences Exemption Act* was intended to remove impediments to rate negotiation, to strengthen the position of the shipper and importer at the bargaining table. According to the first annual report of the National Transportation Agency, the *Act* has had little impact so far.

FIGURE 6.2: CANADIAN INTERNATIONAL LINER TRADE



SOURCE: NATIONAL TRANSPORTATION AGENCY

## Arctic Marine

The agency's report also devotes a separate section to northern marine resupply.

The major development was withdrawal of Arctic Transportation Ltd. from community resupply and sale of its equipment to Northern Transportation Company Limited. This had the effect of strengthening Northern's dominant position on the Mackenzie system.

On the Athabaska system, the major development was completion of Saskatchewan Power Corporation's hydro line along the north shore of Lake Athabaska. The agency expects that tonnages will continue their long-term decline on the Athabaska system especially with respect to bulk fuel movements.

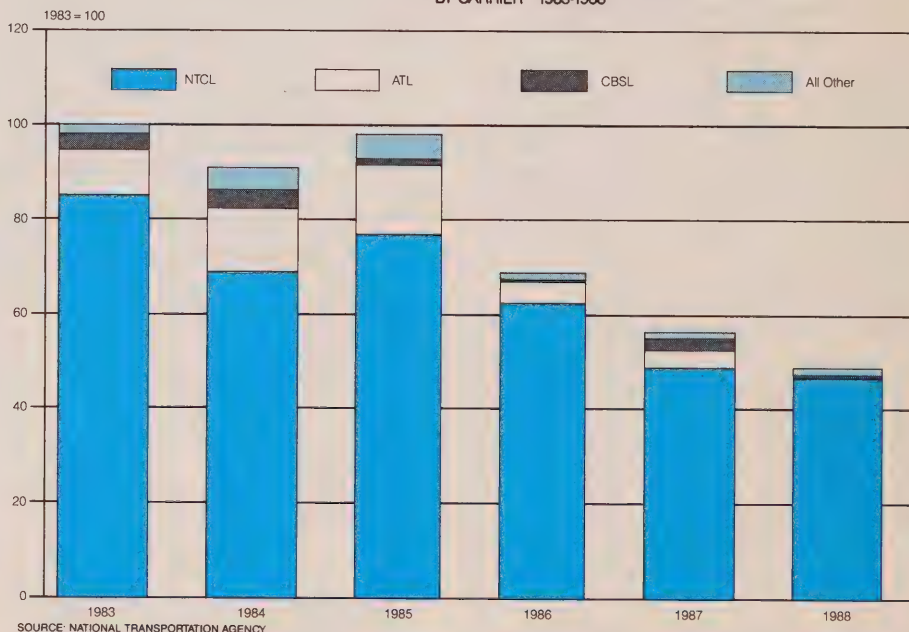
The agency reports that the industry structure of the Mackenzie and Athabaska systems have remained relatively unchanged. The agency licensed three carriers in 1988 to provide resupply in the Mackenzie system. They were Northern Transportation Company Limited, Cooper Barging Service Ltd. and Coastal Marine Ltd.

Beluga Tours also provided service under an interim authority. Arctic Transportation Ltd. declined to apply for a license but continued to operate in support of oil and gas development in the Beaufort Sea.

The agency licensed two carriers in the Athabaska system, A. Frame Contracting Ltd. and Cree Band Marine Ltd. Cree Band Marine continued the service of Pine Creek Marine which went into receivership toward the end of the 1987 season but activities were

- limited during 1988 due to constant equipment breakdowns.
- Total freight tonnage on the Mackenzie system decreased by 12 percent in 1988 from 1987. Freight has consistently declined since 1983 except for a slight resurgence in 1985 due to oil and gas activities in the Beaufort Sea.
- Community resupply accounted for 80 percent of tonnage carried by all operators in 1988. Resupply made up 83 percent of Northern's tonnage, 50 percent of Cooper's. Beluga Tours and Coastal Marine relied almost entirely on the resource sector to charter their equipment.
- Almost 93 percent of resupply cargo carried by Northern originated from Hay River and Norman Wells with most tonnage consisting of bulk fuel. Major destinations included Inuvik taking 28 percent of total tonnage, Yellowknife 25 percent, Norman Wells nine percent, Cambridge Bay seven percent, and Tuktoyaktuk six percent.
- On the Athabaska system, the construction of a hydro line had the effect of reducing the relative proportion of resupply cargo carried by A. Frame Contracting.
- Completion of the project will once again make A. Frame Contracting almost totally dependent on community resupply. Moreover the project's completion will reduce substantially the requirement for bulk fuel in future.

FIGURE 6.5: MACKENZIE RIVER AND WESTERN ARCTIC INDEXED CARGO MOVEMENTS BY CARRIER 1983-1988

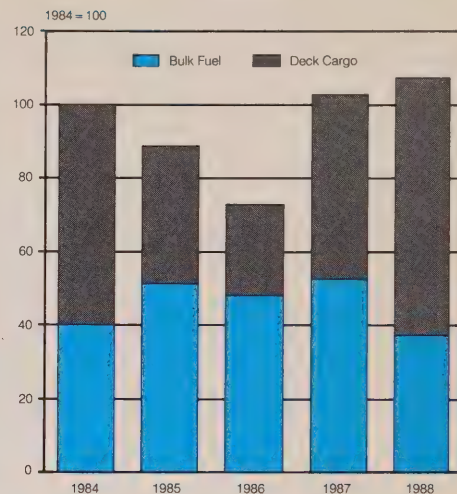


SOURCE: NATIONAL TRANSPORTATION AGENCY

At the end of the 1988 season, the agency surveyed shippers in the Mackenzie and Athabaska systems regarding the quality and level of marine services. Those responding were users and included communities, Indian bands, the federal and territorial governments, and businesses.

Seventy eight percent of users saw no difference in service provided in 1988; 18 percent thought services were better, and five percent thought they were worse. The largest proportion thought level of services

FIGURE 6.6: INDEXED TONNAGE CARRIED BY AFCL ON THE ATHABASKA SYSTEM 1984-1988



SOURCE: NATIONAL TRANSPORTATION AGENCY

- as being average or better than average. However, Athabaska users rated level of service good or very good only half as often as Mackenzie users.
- Two thirds of all respondents thought that freight rates in 1988 were reasonable. In the Mackenzie, a majority found rates reasonable; however, in the Athabaska system, the majority found rates to be excessive.

The agency's review concluded that new legislation had not materially affected resupply services in either the Mackenzie or Athabaska systems. From a user's perspective, it may be too early to assess the impact of changes in legislation. Many users are still unaware of new statutes governing resupply barging operations.

\*Hugh Quigley is a Canadian freelance writer based in Scotland and a regular contributor to Portus.



# Coding in Harmony

## A New Statistical Standard

by Keith Hannett and Frank Pope\*

**T**he Harmonized Commodity Description and Coding System (Harmonized System or HS) is the internationally-agreed commodity classification that has been adopted by Canada as the statistical standard for reporting commodity statistics. Countries that implement the Harmonized System sign a convention that binds them to adopt the descriptions and codes for customs tariffs, and for statistics on imports and exports. Canada is one of forty-five countries or customs unions that adopted the HS as of January, 1988. Signatories to the convention included the European Community and Japan. The US joined the group as of January, 1989.

The HS was developed by a committee under the auspices of the Customs Co-operation Council, an international organization with headquarters in Brussels, Belgium. The Council was established in 1950, to promote co-operation in customs matters, with most countries being represented on the Council. The Harmonized System Committee began its work in 1973, and completed the classification in 1983. Canada was represented in this work by officials from Revenue Canada (Customs and Excise) and Statistics Canada.

Intended for use in identifying commodities encountered in trade, the HS is written in terms of features that are readily apparent from an examination of the goods; i.e. their physical characteristics. It consists of a hierarchy, in which commodities are organized into 97 chapters which are subdivided into 1,241 headings that, in turn, are subdivided into 5,019 subheadings. At the chapter level, commodities are classified primarily by component material, while at the heading level they are classified primarily by stage of fabrication. For example, chapter 44 covers commodities of wood, beginning with fuel wood (4401) and logs (4403) and ending with barrels (4416) and wooden tableware (4419). The subheadings are commodities that are significant in world trade. Each subheading is identified by a six-digit code. The first two digits refer to the chapter, the second two digits refer to the heading and the fifth and sixth digits identify the subheading.

To facilitate the consistent interpretation of the Harmonized System among its many users, a set of general interpretive rules, section and chapter notes, a four-volume set of explanatory notes and an alphabetical index were developed. For settling disputes, classification is determined according to the terms of the headings, any relative section or

chapter notes and the general interpretive rules. The other supporting information is for guidance only. The HS is maintained by a permanent secretariat located in Brussels, and is kept up-to-date by the Harmonized System Committee, which meets regularly.

The origin of the HS goes back almost 20 years. In the early 1970s, trading organizations became concerned about the cost of documenting trade, especially international trade. One of the measures proposed to facilitate documentation was a standard for commodity description and coding. The idea was that, if all the administrative requirements for commodity information were expressed in terms of a standard, documentation costs would be reduced and communication would be improved. Examples of such administrative requirements are freight rate schedules, Customs tariffs, insurance rate

### Implementing the Harmonized System in Canada

Canada, as a signatory to the Convention, is bound to use the HS descriptions and codes for Customs tariffs and import and export statistics. The HS, however, was designed as a core list only. Each country is expected to extend the system to meet its own requirements. For the Canadian Customs tariff, a ten-digit code is used. The first six digits refer to the HS; the seventh and eighth digits identify requirements for duty collection; the ninth and tenth digits identify statistical requirements. For export statistics, duty collection is not a requirement and an eight-digit code is used. The first six digits refer to the HS, and the seventh and eighth digits identify statistical requirements. An interesting point here is that the ten-digit



schedules, and statistical reports. Reporting would be further simplified if the identification systems used by producers of commodities were also expressed in terms of such a commodity standard. The standard that developed from this idea was called "The Harmonized Commodity Description and Coding System". Introduced in 1988, it is gaining acceptance in increasingly wider circles of commodity documentation, both internationally and within Canada.

tariff code is hierarchical, the ninth and tenth digits being subdivisions of the seventh and eighth digits which, in turn, are subdivisions of the fifth and sixth digits. It is wrong to conclude that one can match import and export codes by simply deleting the seventh and eighth digits of the Tariff code, although this is usually true when the Tariff code is "00".

To realize the full benefits of this new statistical standard for collecting commodity



data, Canada decided to extend its implementation to all commodity statistics. The national statistical standard developed for this purpose is the "Standard Classification of Goods" or "SCG". It incorporates into one classification, national requirements for commodity detail beyond the six-digit level of the HS. The 1988 version of the SCG covers the commodity detail required for 1988 import statistics, 1988 export statistics and the 1988

Annual Survey of Manufactures in an eight-digit coding structure. It contains about 14,500 commodity classes. The codes used for exports and manufactures are identical to those appearing in the SCG but the import codes are different because they are ten-digit codes. Import class content, however, is identical to, or can be grouped into, the relevant classes of the SCG. These points are illustrated by the example which uses the HS heading for corn to show applications in the SCG and four surveys conducted by Statistics Canada.

The SCG provides a structure that will yield comparable statistics at levels of detail finer than the six-digit level. In practice, survey managers select

from the menu of choices offered by the structure of the SCG. The number of categories selected varies: imports, about 13,000; the Annual Survey of Manufactures, about 8,500; exports about 5,500. The categories selected for marine transport are somewhat different. There are only about 100. Some are selected as described above; but most are defined as aggregations of SCG classes.

The SCG replaces the Standard Commodity Classification, which was published by Statistics Canada in 1959. Marine trade statistics and the other series mentioned in the previous paragraph, as well as the other commodity statistics compiled by Statistics Canada, were based on the Standard Commodity Classification.

The SCG is maintained by the Standards Division of Statistics Canada. It is updated annually for various reasons, such as: to identify commodities of relevance to trans-

- portation statistics, to facilitate input-output analysis, to accommodate the Canada-US agreement on trade statistics (statistics on US imports from Canada will become the official statistics for Canadian exports to the US and vice versa), and also to add commodities or delete obsolete ones. Statistical classification changes at the seventh and eighth digit levels of the SCG are controlled by Statistics Canada, while changes at more

#### THE CLASSIFICATION OF CORN As Shown in the Standard Classification of Goods

Level	Code	Description
HS Chapter	10	Cereals
HS Heading	1005	Maize (corn)
HS Subheading	100510	Seed
SCG Class	100510.10	Yellow dent
SCG Class	100510.90	Other
HS Subheading	100590	Other
SCG Class	100590.10	Yellow dent
SCG Class	100590.20	Popping Corn
SCG Class	100590.90	Other

*As reflected in four surveys conducted by Statistics Canada*

Survey	Survey Code	SCG Content
Water transport (publication level)	13	1005
Material used in manufacturing	100590.20 100590.90	100590.20 100590.90
Exports	100510.00 100590.00	100510 100590
Imports	100510.10.00* 100510.90.00* 100590.10.00* 100590.90.00*	100510.10 100510.90 100590.10 100590.90

*\*Codes found in the Customs Tariff. The 7th and 8th digits identify tariff classes, the 9th and 10th digits, statistical classes.*

- aggregative levels require international agreement in the Harmonized System Committee.
- This provides a classification that is responsive at fine levels of detail to changing requirements for national data but is more stable at aggregative levels to facilitate international comparisons and historical analysis.

#### Using the SCG for Marine Transportation Data

- Beginning in 1988, HS code numbers appeared on Customs documents associated with international cargo loaded or unloaded at Canadian ports. Found on import and export documents, the first six digits of these codes consist of HS codes. Later, some shipping lines expressed interest in communicating with the ports electronically, using HS codes to identify cargo. The increased public familiarity with HS codes and the growing body of HS-coded data that are

- becoming available, indicate an opportunity for port administrators and statisticians to improve their information systems.
- The illustration lists the advantages of taking this opportunity to adopt the HS as the new statistical standard for commodities.
- The primary objective of those who developed the HS was the reduction of costs associated with preparing the documents necessary to move commodities in trade. The fact that HS codes are used internationally means that an HS code precisely identifies a commodity, regardless of country, language or whether the administrative document is required by government or private enterprise. The time-saving feature is that a code, once determined, serves all purposes. Before the advent of the HS, codes were derived from different classification structures; thus, a search of each one was required to locate the correct code. In a specific example, some seventeen different commodity classifications were involved in tracing a commodity from origin to destination. With the HS, codes found on related documents give instant recognition of the commodity described.
- For example, HS codes on the documents required at point-of-origin for commodities exported would be applicable to the same commodities on the import documents required by the country of destination. Of course, the HS is ideal for the electronic exchange of information, which is the least-cost method of documentation.
- There are important secondary benefits as well. One is improved data quality. Often coding errors occur because the descriptions of the goods are not complete enough to enable them to be accurately coded. With the HS, the originating document, prepared at the point where all of the technical information required for accurate coding is available, will serve to identify a commodity through to its final destination.
- Another benefit is more useful statistics. The usefulness of statistics increases significantly with the number of statistical series that can be related. As implementation of the HS becomes more widespread, more statistical series become directly comparable thereby forming a set which adds considerably to the store of knowledge. This will be particularly appreciated by analysts who track the flow of commodities from producers to final consumers.
- Not to be overlooked is the opportunity to review requirements for information. Classification systems are expensive to put in place and tend to remain unchanged, in spite of changes in the economy, the mix of commodities traded and changes in the methods of transportation. When opportunities to revise classifications occur, it is wise to take the opportunity to thoroughly review the need for information.
- There are, of course, short-term costs associated with changing classifications. They include coping with delays and errors in the early stages of implementation, retraining staff, redesigning publications and



adjusting analytical models. The impact of changes upon users of commodity statistics can be mitigated by such devices as parallel coding for a transition period and developing data links between series.

The National Office of Canada Ports Corporation's has recognized the opportunity to improve communication by adopting an international standard and is exercising an important leadership role, supported by Standards Division of Statistics Canada, in bringing all of its member ports onto the HS system of commodity coding for 1990. A list of 45 categories covering the universe of marine trade has been prepared for compiling statistics on commodities loaded or unloaded at member ports.

At time of writing, the port authorities in Halifax, Saint John, Montréal and Vancouver, with the help of Statistics Canada, are in the process of reviewing their requirements

for commodity information. The SCC-based classifications the ports were using vary in number of classes from over 100 to under 400. The HS-based categories established for use in 1990 will provide the information required locally, maintain historical series, be capable of aggregation to the categories required by Canada Ports Corporation's National Office, meet the requirements of Statistics Canada and be identifiable from the information provided on manifests.

- Of course, the more compatible the lists developed by the major ports, the more easily they can compare traffic.
- The wharfage tariff used for revenue purposes by each port authority is an administrative requirement associated with cargo loaded or unloaded and, as such, can also be converted to an HS base. It would thereby be compatible with statistical reporting requirements and might also be easier to administer as information on cargoes increasingly becomes identified in HS terms.
- Statistics Canada decided to implement

#### Advantages of Adopting the HS for Coding Commodities Carried by Ship

- Cost saving on documentation
  - codes applied internationally
  - related documents carry same codes
  - electronic data interchange is easier
- Better quality data
  - codes are assigned where product originates
- More comparable statistics
  - other commodity statistics use same codes
- Opportunity to update information categories
  - current statistical categories open to change

- the HS for transportation statistics for the 1988 data year. The objective is to develop categories of commodities, defined in terms of the SCG, which yield comparable statistics for the different modes of transport and satisfy the requirements of the major users of transport statistics. Initially, data collected on an SCC base will be converted to an SCG base but, as resources become available, HS-based classifications will be used to code source documents. Statistics on international

- seaborne shipping for 1989 will be compiled by the Marine/Trade Integration Project, described by Emile Di Sanza in the Spring 1988 issue of *Portus* (The Marine Trade System). This project takes advantage of the body of HS-coded commodity information that has become available for imports and exports. It also depends upon supplemental information on commodities, ship movements and ship characteristics received directly by Transportation Division (either electronically from the major ports or on forms or manifests). Rail and truck transport commodity statistics will continue to be collected on an SCC base and converted to an HS base until an HS-based classification can be introduced directly.

#### A question for the future

- Some of us are looking to the day when HS-based codes will be assigned and recorded electronically at the time that the commodities are produced, which is when all of the necessary technical information is available. Subsequently, all administrative requirements would be satisfied, accurately, quickly and without human intervention, by concordances linking these codes. Will that day come by the year 2000? ⚡

- \*Keith Hannett is responsible for commodity classification development in the Standards Division of Statistics Canada, Ottawa, Ontario, and Frank Pope is the Coordinator of Commodity and Spatial Standards in the same Division. To obtain more information about the classifications mentioned in this article or linkages between different classifications, authors may be contacted at: Standards Division, 11th floor Jean Talon Building, Statistics Canada, Ottawa, Ontario, K1T 0T6, or telephone (613) 951-3461

## One-Millionth Cruise Passenger

VANCOUVER, B.C. — One million turned out to be a very lucky number for two cruise passengers arriving in the Port of Vancouver on September 7, 1989, on board Holland America Line's *Westerdam*. With the arrivals of *Westerdam*, the Princess Cruises' *Sea Princess*, the passenger count at the Vancouver Port Corporation's four year old Cruise Ship Terminal at Canada Place topped one million.

The milestone was marked in a special ceremony inside the terminal. But, finding passenger number one million was no small job. To do so, Princess Cruises and Holland America Line Westours agreed to a friendly

wager. Each ship submitted a list of ten candidate couples — all part of the cordial competition between the two lines.

The port's millionth passenger also received gifts from the Vancouver Port Corporation, Canadian Stevedoring Co. Ltd., the City of Vancouver and Tourism Vancouver.

Ranked as one of the finest cruise ship facilities in the world, Canada Place is enjoying its fourth successful season as the port's main cruise passenger terminal. The facility was built by the Vancouver Port Corporation in 1986 at a cost of \$27 million. Certain ships, notably ro-ro vessels requiring

an automobile load ramp, are handled at Ballantyne Terminal.

Francis MacNaughton, Port Manager and CEO, congratulated the cruise lines on their friendly competitive spirit. "Holland America and Princess are both major players on the Vancouver-Alaska cruise," he said. "They represent an industry that has doubled in the past ten years, and brings economic and tourism benefits to the port and all lower mainland communities."

The 1989 Vancouver-Alaska cruise season concluded October 14, 1989, with the final scheduled departure of *Rotterdam*. ⚡



## EDI AND TRADE FACILITATION

# *Where it comes from and where it is going*

by Niels Rasmussen\*

### A bit of history

In the late fifties, the volume and complexity of documentation required for ocean going vessels to enter and clear ports was staggering. According to a study by the San Francisco Marine Exchange in 1960, "Merchant Shipping on a Sea of Red Tape", a port like New York required 22 different documents for clearing a vessel, 11 for Customs, 4 for immigration, 6 for public health and one for miscellaneous purposes. New York, however, was nothing compared to Buenos Aires where 39 documents were required, not to mention Honolulu which demanded no less than 46 different forms which, with copies, added up to the ridiculous total of 213 documents.

Much has happened since then to simplify documents and procedures in international trade and transportation. In 1965, the International Maritime Organization (IMO)

- drafted a convention on the facilitation of international maritime traffic, which now is accepted by some 57 countries. According to this convention, no more than six standard documents, the so called IMO FAL forms, should be required for entry and exit of vessels in international trade.
- The first attempt to reach agreement on standards for the facilitation of international trade procedures, however, was initiated by the United Nations Economic Commission for Europe (UN/ECE). In 1961 the Committee on the Development of Trade established a Working Party for Facilitation of International Trade Procedures (WP4), in order to internationalize a Swedish initiative for a standard lay-out key, which could be used to produce a range of fully-aligned international trade, transport and official documents. This resulted in the publication, in 1963, of the "ECE Layout Key" which, in 1978, was renamed the "United Nations

- Layout Key for Trade Documents" as, by then, it had reached worldwide acceptance.
- The resulting introduction of aligned systems of trade documents in many countries has reduced direct documentation costs by 50-75 percent, according to an estimate by the United Nations Conference on Trade and Development (UNCTAD). It has also indirectly provided the basis for a common understanding of the data requirements in trade, paving the way for the present developments and agreements on standard data elements and electronic data interchange (EDI).
- Other practical results of the Committee's work include: the publication of a "Trade Data Element Directory", which represents standardized data elements used in international trade; a number of formal "Recommendations", 22 as of 1989, on such issues as codes for countries, currencies, modes of transportation, etc.; and recommendations







COMPUTERS IN ACCOUNTING

for simpler shipping marks, facilitation of legal problems in import clearance, and facilitation measures relating to international trade procedures.

## EDI enters the picture

In 1985 the WP4 took the initiative to develop international standards for electronic data interchange. EDI is the technique of replacing paper documents and mail with computer-to-computer communications of structured data, that can be automatically interpreted and manipulated by a computer. In 1985, different EDI formats were in use in Europe and North America. Europe was following the "Guidelines for Trade Data Interchange", developed under the auspices of UN/ECE, whereas in the US, EDI transaction sets had been developed from the early seventies in a number of industry-specific committees, under the umbrella of the Transportation Data Coordinating Committee (TDCC) and, since the early eighties, generic cross-industry EDI transaction sets were being designed by the X12 committee of the American National Standards Institute (ANSI).

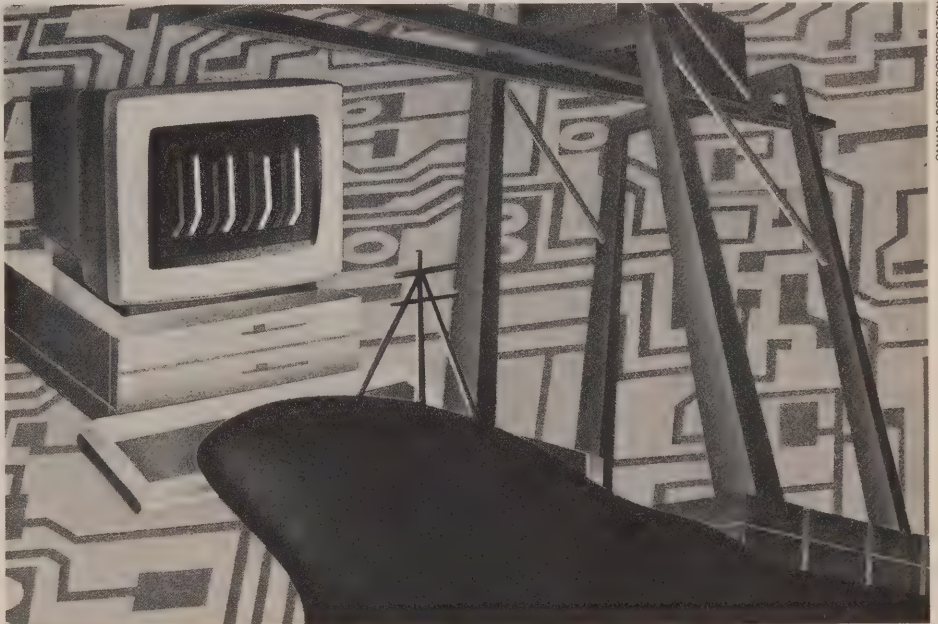
According to common practice within UN working groups, *Rapporteurs* were appointed for the three regions involved in the work: North America, Western Europe and Eastern Europe. The *Rapporteurs* established support teams, which consisted of members of national standards organizations, and set to work. The acronym *EDIFACT*, EDI for Administration, Commerce and Transport, was chosen for the project. The rules, or "syntax", for EDIFACT was adopted in 1987, as was the first EDIFACT Message for trial use. In 1988, the work progressed further with the adoption of the Invoice as the first United Nations Standard Message (UNSM) and the *Rapporteurs'* support teams were restructured as regional EDIFACT Boards. 1988 was also the year when Canada became involved in the EDIFACT work through the creation of the Joint Technical Committee on EDI (JTC/EDI), with secretarial responsibilities shared by the Canadian

- Standards Association (CSA) and the Canadian General Standards Board (CGSB).
- Ports Canada saw EDI as a competitive necessity and established early in 1988 a system-wide EDI Committee in order to create a forum for exchanging information and coordinating the EDI initiatives which were expected to materialize in the container ports of Vancouver, Montréal and Halifax.
- Ports Canada recognized early that EDI standards were necessary for compatibility and the key to rapid growth of EDI both nationally and internationally. In order to contribute to the speedy development of such standards, Ports Canada has, therefore, taken on the chairmanship of the Transport and Customs working group of the JTC/EDI and provides a delegate to the North American and international EDI standards development forums.

## Recent developments

- In September, 1989, at the latest meeting of the ECE's working party on trade facilitation, five new EDIFACT Messages were approved for trial use. These Messages include the Customs Declaration Message (CUSDEC), the Customs Response Message (CUSRES), and the International Forwarding and Transport Message Framework

- in March 1990. Japan has been attending the ECE meetings as an observer and is expected to appoint a *Rapporteur* shortly and join the active development work.
- The joint *Rapporteurs'* meeting took place in Brussels the week immediately following the meeting of the ECE. The meeting was attended by approximately 120 delegates from Europe, Australia, and North America. Much progress was made on the Messages under development, but the most important outcome of the meeting was the creation of an efficient reconciliation procedure for coordinating the development work that goes on in parallel in the many different Message design groups.
- The segments of the first and only UNSM, the Invoice, has been the basic building blocks for designing new EDIFACT Messages. A segment is an assembly of data elements in logical groups with specific functions such as date and time, name and address, etc. In the process of reconciling new Messages, it became apparent that some of the Invoice segments were not technically correct. It was, therefore, decided to review all UNSM segments and correct them where necessary. No Messages will be submitted to the ECE for approval for either UNSM status or trial use until such time that this review has been



CANADA PORTS CORPORATION

- (IFTMFR). This brings approved EDIFACT Messages to a total of 7, one UNSM and six Messages for trial use. In addition, thirty or so Messages are under active development in areas of finance, insurance, materials management, transportation, product data and government.
- At the same meeting, Australia and New Zealand announced their intention to create an EDIFACT Board and appoint a *Rapporteur* who will attend the next ECE meeting

- completed. This decision was well received as it will facilitate the task of future Message development and reconciliation. The review should be completed by the spring of 1990 and should not slow the standards development process. ‡
- \*Niels Rasmussen is Manager, Research and Development with the Canada Ports Corporation, Ottawa, Ontario.



# Hewers of Wood . . .

## *Competitiveness of Canadian Industry*

by Dan MacKenzie and Graham Pettifer\*

The development of Canada's economy has been based on its natural resources and trade. Today, Canadians can no longer be described as "hewers of wood and drawers of water" as their industries are becoming more diversified, ranging from resource mining to the production of highly-technical telecommunications equipment. However, the importance of trade to Canada's economy has remained unchanged. As a result, the growth of the global marketplace during the eighties has raised concern that Canada's economic health depends on the competitiveness of its industries in domestic and foreign markets.

The federal Department of Industry, Science and Technology (DIST), in recognition of this fact, has undertaken to profile the various sectors of Canadian industry. The purpose of these profiles is to provide information on the current competitiveness of Canada's leading industries vis-a-vis their US competitors, in light of the Canada-US Free Trade Agreement, and other foreign competition.

The major factors which were common to almost all industries as having an impact on the future global competitiveness of Canadian industries are the Canada-US Free Trade Agreement, industrial structure, foreign exchange rates and transportation costs.

### Free Trade and Secure Market Access

The Free Trade Agreement between Canada and the United States (FTA) came into effect on January 1, 1989. There are two elements of the FTA that are expected to affect the competitiveness of most Canadian industries. The first is the direct removal of the remaining tariffs on commodities traded between Canada and the United States. The effects of these tariff removals are viewed differently by different industries and by different producers within an industry. However, market access and market security between the two countries may be increased with the decrease in the so-called effects of "sideswiping tariffs". That is, many Canadian and American tariffs are implemented to protect domestic producers from other low-cost foreign competition and not necessarily aimed at North American producers.

The second effect of the FTA is the establishment of the Canada-US dispute resolution panel. Under the Free Trade Agreement, a joint Canada-US panel will act as a final "court" of appeal to ensure the trade laws of each country have been fairly applied after a tariff has been imposed. In the past, the fear of countervailing tariffs and anti-dumping suits often restrained Canadian producers, such as potash and lumber exporters, from marketing their products efficiently and effectively. The dispute panel now represents both countries and attempts to resolve or prevent such disputes.

### Structure

Many Canadian manufacturing firms, especially those protected by import tariff and non-tariff trade barriers, do not operate at the same unit cost as their American competitors. The higher unit cost is due to factors, such as the economies of scale of production, lower transportation and labor costs available within the United States.

In the past, many smaller Canadian producers have been able to use their scale to advantage. Their flexibility, resulting from operating smaller production runs has permitted them to tap market niches that are not feasible for the larger international operations to service.

- However, once the FTA has eliminated tariffs, Canadian firms oriented solely to the domestic market will have to overcome significant adjustment problems to remain competitive and take advantage of the opportunities resulting from greater access to the large US market. Firms relying on their experience, reputation, levels of service and flexibility will need to be innovative and profitable as they develop international market niches of much larger size than usual Canadian standards.

### Foreign Exchange

- During the past fifteen years, most countries of the western world have allowed the foreign exchange rates of their currencies, as expressed in US dollars, to "float" and establish their values in what could be considered "semi-free" markets. Many industries, especially exporters of resources, are vulnerable to currency fluctuations due to the commodity's low value to unit weight ratio. This low ratio does not allow exporters to absorb dollar fluctuations that higher value-added goods are able to absorb.
- Between 1985 and 1987, the value of most major world currencies rose sharply, especially German mark and Japanese yen. Optimistic currency analysts believe the Canadian dollar will continue to climb, in relation to the US dollar, as the Canadian and the US economies become more closely entwined as a result of the free trade pact. A continued increase in the value of the Canadian dollar, in comparison to the US dollar and other currencies, will result in reductions in the competitiveness of Canadian exports. Pessimistic analysts believe the FTA will result in a depreciation of the Canadian dollar and, therefore, could stimulate Canadian exports, even in sectors where US tariffs are low compared with Canadian tariffs.

### Transportation Costs

- Transportation costs have proven to be an effective barrier to competition for many Canadian domestic market producers and a detrimental barrier for many Canadian exporters, such as potash and petrochemical industries. To reduce these transportation costs per unit, producers have reacted by beginning to locate production facilities closer to the destined markets. Locating the producer closer to the market, and providing an efficient transportation system, is expected to increase the future competitiveness of Canadian exports within the North American and other international markets.

### Profiled Industries and Canadian Ports

- The DIST industry profiles are on-going series of papers, with over 120 completed, which assess the current competitiveness of Canada's industrial sectors. DIST has indicated that it intends to update the series on a regular basis in order to allow Canadians to keep abreast of the competitive situation of their industries.
- Each industry analysis examines four major aspects:
  - (i) structure and performance;
  - (ii) strengths and weaknesses due to structure, trade-related and technological factors;
  - (iii) business environment; and
  - (iv) a competitive assessment of the industry.



Each report also includes a number of appendices, including principal trade statistics (the number of companies, industry investment and profits/losses); trade statistics (exports, imports, domestic trade, markets, suppliers); regional distribution (production locations within Canada); and a list of the names and locations of the industry's major producers.

Eight of the industries analyzed by DIST have some importance to ports.

## Structural Wood-Based Panel Products

Although Canada's share of the US waferboard/OSB market has declined, from 46 percent in 1981 to 17 percent in 1987, the volume of Canadian exports to the US has continued to grow. According to DIST's industrial profile, this growth is a result of the following factors: the acceptance of waferboard/OSB by US residential building codes, the low import tariff (4 percent) and a rapidly-expanding wood-based panel market. Although softwood plywood and waferboard/OSB subsectors are both competitive in the Canadian domestic and US markets, off-shore exports are limited to smaller volumes. These off-shore restrictions are due to: high import tariffs, the availability of low cost/low grade substitutes, the lack of acceptance of Canadian products by foreign building codes, high transportation costs and the lack of product knowledge in most foreign markets.

## Market Pulp

Currency fluctuations have had a major influence on the competitiveness of market pulp. As a result of the dollar's pre-1988 decline, the Canadian industry is now very competitive both in North America and Europe. Given the cost advantages at current exchange rates, the industry is competitive in the US market. However, the Canadian industry's productivity has declined compared with its competition over the last decade. Therefore, a number of modernization projects have been announced. According to DIST, Canadian market pulp producers are expected to remain competitive through the 1990s and maintain their dominant position in the United States' market pulp sector.

## Petrochemicals

After years of losses, the Canadian industry is now profitable and stands to improve its profitability as world prices increase to levels that will justify building the new capacity that will soon be required. However, the Canadian petrochemical industry still remains less competitive than its US Gulf Coast counterpart.

## Meat and Meat Products

Although Canadian exports are minimal when compared to the US exports, the Canadian meat industry is capable of supplying Canadian domestic meat demands at competitive prices and the industry is also able to compete internationally. In fact some firms, primarily in Alberta, are increasing financial resources employed to develop export sales.

## Ferrous Foundries

At the current exchange rates, the Canadian ferrous foundry industry is competitive within the northern US market, although Canadian iron and steel castings are not able to compete against imports originating from newly-industrialized countries (NICs). Labor costs and pollution standards in the NICs are much lower than in Canada, therefore, the volume of lower priced iron and steel castings imported from South Korea, Taiwan, Brazil and Mexico have increased. Also, automation and product substitution by aluminium, plastics and ceramics have decreased demand.

## Fertilizer

The fertilizer industry has survived a severe cyclical downturn which has lasted since 1981. Current trends in world prices suggest that higher unit selling prices for all three nutrients are in the offing. Canadian producers have been competitive in the past, due to the low cost natural gas prices in Canada compared to those in the United States. However, Canada is likely to be less attractive for new nitrogen facilities, due to the FTA's energy pricing agreement. Currently, Canadian nitrogen producers have an advantage when using low-cost Canadian natural gas, which offsets the transportation and capital cost disadvantages incurred. Canadian phosphate producers are not competitive internationally, and generally cannot compete domestically. The potash industry is very competitive internationally as a result of rich ore reserves, low production costs and an effective transportation and marketing system. According to DIST, it is expected that Canada will maintain its traditional one-third share of the growing international market over the long term.

## Fishery Products: Atlantic Shellfish & Pelagics

Although competition will remain intense, Canada has a reputation as a supplier of quality shellfish products. The Atlantic shellfish industry is internationally competitive and DIST has concluded that it will continue to be competitive in the future. Current supply limitations may decline due to aquaculture production and more aggressive marketing of substitutes. The competitive advantage of the Atlantic shellfish processing industry is its access to a diversified resource base. Although landings for some species have shown considerable variation, stocks are generally well managed. Canadian herring products are competitive in the US, but not in the European market. Canadian mackerel is not competitive on the world market and will remain oriented to the domestic bait industry. The Atlantic salmon aquaculture industry is expected to remain competitive in the North American market with the competition in Norway and Scotland.

## Aluminium Smelting

Due to the hydroelectric energy base and proximity to the US market, Canadian aluminium production is competitive and is expected to remain competitive. Although the FTA is not expected to have any significant effect on primary aluminium production in Canada, fluctuations in exchange rates can have significant effects on the competitiveness of this industry.

## Conclusion

Although Canada's industrial base is extremely diversified, several factors are common in the industries analyzed by DIST. The FTA was identified by all industries as having some form of impact whether it is a direct/indirect opportunity or threat to the future competitiveness of the industry or specific producer(s). Also, the structure of the Canadian industry will influence what market segments to analyze, such as a small market niche or a larger global market. Industrial structure may determine the financial future of many of Canada's industries which are dependent on sales to the domestic markets. Future fluctuations in Canada's exchange rate will influence the competitiveness of Canada's industries, especially those low-valued resource-based operations. Due to the distance which may separate Canada's industries from domestic and foreign markets, transportation costs become more influential in determining the competitiveness of Canada's industries. Although a few of Canada's industries view the future as bleak, many others see competitive opportunities for enhancing many of this country's industrial base.

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# Portus At Five

With this issue, *Portus* marks the beginning of its fifth year. It seems only a very short while ago when *Portus* was first conceived. From very humble beginnings, *Portus* has evolved into a respected part of the port industry literature, not only in Canada but also internationally.

Set out to be the "scientific voice of Ports Canada", *Portus* is now recognized as the industry leader in inhouse port periodicals. Those that are familiar with the publication industry readily acknowledge that production of non-promotional publications on a regular basis is none but a herculean task. *Portus* has been privileged, however, with a dedicated group of volunteers, it has ventured where no similar publications has ever gone before. We have covered national issues from coast to coast; and been blessed with distinguished authors from the four corners of the globe.

*Portus* is unique in not accepting paid advertising from outside the Ports Canada family. Its publication has only been possible through the generosity and support of Ports Canada, its boards of directors and its management. Beginning with this issue, however, a modest subscription fee is charged to defray some of the production cost involved. This is done in the hope that it is acknowledged that our industry can only be better served with multiple channels for propagating knowledge and information.

In an effort to stimulate original thinking in maritime research, last year *Portus* introduced *Portus Award*, an annual prize for outstanding original research and/or studies into one or more aspects of transportation as it relates to ports, nationally and internationally. Likewise, a photo contest has already produced lasting memories of port facilities from across the nation.

*Portus* has come a long way in a very short time. It has filled and successfully fulfilled its mandate to become an effective voice in maritime affairs. What is more, the path is paved for *Portus* to travel further in light of widespread support it enjoys everywhere.

We at *Portus* take our hats off to our loyal readers who made our venture not only worthwhile but also deeply rewarding. With the momentum behind it, *Portus* is bound to make the transition from adolescence to maturity with ease and ascendance.

Happy reading! 🍷



From whence we have come  
À pas de géant . . .

# Portus : plus qu'une voix d'information maritime

Avec ce numéro, le magazine *Portus* entreprend le début de sa cinquième année. Il n'y a déjà pas si longtemps pourtant, *Portus* n'était qu'une idée. Ses humbles débuts ne l'ont pas empêché de devenir une importante composante de la documentation se rapportant à l'industrie portuaire, et ce, non seulement au Canada mais aussi à l'échelle internationale.

Créé pour être la «voix scientifique de Ports Canada», *Portus* est maintenant reconnu comme étant le chef de file des périodiques de l'industrie portuaire. Ceux et celles qui connaissent le domaine de l'édition admettent volontiers que la production, sur une base régulière, d'une publication non promotionnelle n'est rien de moins qu'une tâche herculéenne. *Portus* a toutefois été privilégié. Un groupe de bénévoles dévoués lui a permis de s'aventurer là où aucune autre publication semblable n'avait pu aller. On a ainsi pu traiter de questions d'intérêt national d'un océan à l'autre. On a également bénéficié de la contribution d'auteurs remarquables provenant des quatre coins du monde.

*Portus* est unique en ce sens qu'il n'accepte aucune publicité payée provenant de l'extérieur. Jusqu'ici, sa parution a été rendue possible grâce à la générosité et à l'appui de Ports Canada, de son conseil d'administration et de sa direction.

Cependant, à compter de ce numéro, de modestes frais d'abonnement seront perçus pour aider à défrayer quelques-uns des coûts de production. Il est à souhaiter que l'on reconnaisse ainsi qu'une plus grande diversité des moyens de diffusion de la connaissance et de l'information ne peut que mieux servir l'industrie portuaire.

Afin de stimuler une pensée innovatrice dans le domaine de la recherche maritime, *Portus* introduisait l'an dernier le prix *Portus*. Ce prix annuel vise à récompenser la qualité exceptionnelle de recherches et/ou d'études originales, portant sur un ou plusieurs aspects

du transport et reliées aux ports nationaux ou internationaux. De même, on mettait sur pied un concours de photographies afin de renforcer les liens qui nous unissent à nos ports. Déjà, ce concours a permis de produire de mémorables images des installations portuaires d'un bout à l'autre du pays.

En très peu de temps, *Portus* a fait beaucoup de chemin. Il a répondu à un besoin et a rempli avec succès son mandat en devenant une voix efficace dans les affaires maritimes. En outre, le chemin est ouvert pour que *Portus* se rende encore plus loin grâce aux appuis soutenus dont il jouit un peu partout.

Toute l'équipe de *Portus* tient à remercier ses fidèles lecteurs qui ont permis non seulement que cette aventure en vaille la peine mais qu'elle soit aussi des plus gratifiantes. *Portus* a désormais le vent dans les voiles et devrait passer de l'adolescence à l'âge adulte avec beaucoup de facilité.

Bonne lecture! 🍷

• Hassan J. Ansary  
Editor-in-Chief  
Rédacteur en chef





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